Eurex Roadmap 2019

Welcome to the Eurex Roadmap Workshop!

June 2019

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Agenda

- T7 Release 7.1 and T7 8.0 introduction

- Fixed Income Derivatives Roadmap

- Equity and Index Product Design – Roadmap

- Brexit Updates

- Simplification of segregation model structures & on-boarding

- C7 Enhancements

- Prisma Release 8.2 and 8.3 introduction

- OTC Release 9.2 and 10.0 introduction

- CCP Release 16.5 and 17.0 introduction

- Eurex C7 Securities Clearing Services (SCS)

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T7 Release 7.1 and T7 8.0 introduction
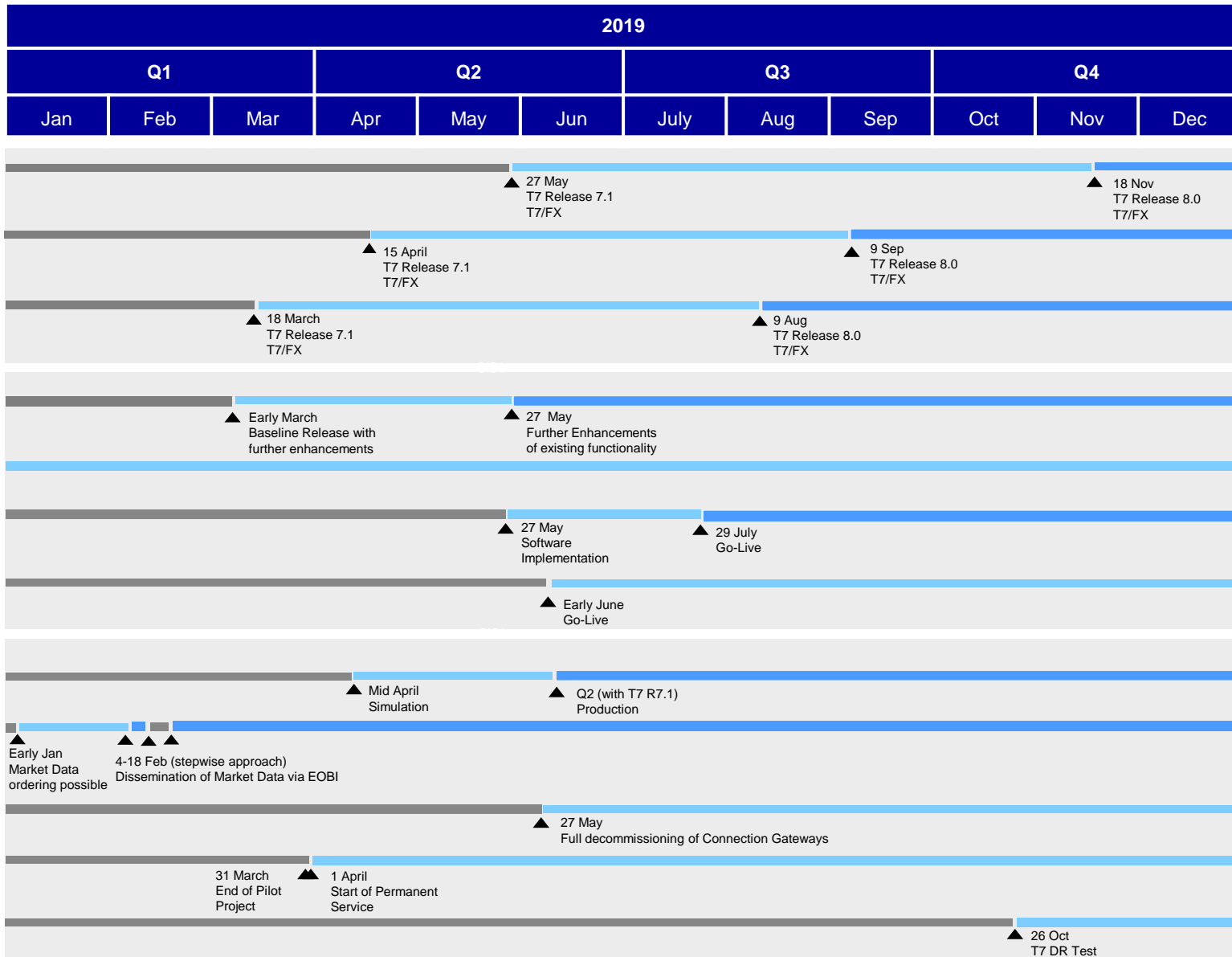
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Agenda

- Roadmap of Projects and Products 2019

- T7 Release 7.1

- T7 Release 8.0

- Recommendations for a successful release implementation

Roadmap Projects and Products

2019											
Q1			Q2			Q3			Q4		
Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec

T7 (XEUR)

Production
- ▲ 27 May — T7 Release 7.1 T7/FX
- ▲ 18 Nov — T7 Release 8.0 T7/FX

Simulation
- ▲ 15 April — T7 Release 7.1 T7/FX
- ▲ 9 Sep — T7 Release 8.0 T7/FX

Cloud Simulation
- ▲ 18 March — T7 Release 7.1 T7/FX
- ▲ 9 Aug — T7 Release 8.0 T7/FX

New Eurex Services

Eurex EnLight
- ▲ Early March — Baseline Release with further enhancements
- ▲ 27 May — Further Enhancements of existing functionality

Eurex Improve

ETRF/BTRF
- ▲ 27 May — Software Implementation
- ▲ 29 July — Go-Live

Passive Liquidity Protection (PLP)
- ▲ Early June — Go-Live

Technical Changes

T7 GUI Launcher
- ▲ Mid April — Simulation
- ▲ Q2 (with T7 R7.1) — Production

Options Data via EOBI
- ▲ Early Jan — Market Data ordering possible
- ▲ 4-18 Feb (stepwise approach) — Dissemination of Market Data via EOBI

Connection Gateways
- ▲ 27 May — Full decommissioning of Connection Gateways

White Rabbit Service
- 31 March — End of Pilot Project
- ▲ 1 April — Start of Permanent Service

Disaster Recovery (DR) Test
- ▲ 26 Oct — T7 DR Test

Central information sources for each release

All release-relevant information is published on a dedicated central initiatives page (system documentation, circulars, newsflashes etc.)

T7 Release 7.1

eurexchange.com > Resources > Initiatives > T7 Release 7.1

T7 Release 8.0

eurexchange.com > Resources > Initiatives > T7 Release 8.0

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T7 Release 7.1 & 8.0 - Overview derivatives market

This presentation provides information updates about the development of T7 Release 7.1 and T7 Release 8.0 in order to support adequate planning and to ensure a successful introduction for trading participants and intermediaries (ISVs, Service Providers, TPIPs).

	T7 7.1	T7 8.0
T7 Cloud Simulation	18 March 2019	9 August 2019
Release Simulation	15 April 2019	9 September 2019
Production	27 May 2019	18 November 2019
Backwards compatibility for trading interfaces	yes*	no
Backwards compatibility for market and reference data interfaces	no	no

*except for Eurex EnLight related functionality

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T7 Release 7.1 - In a nutshell

T 7 Release 7.1 Features

- Enhancements to Eurex EnLight
- Basket Total Return Futures
- Options Strategy Enhancements (Part 1)
- Inter Product Spreads (IPS)
- Complete Removal of Connection Gateways
- Sequence of Messages in EOBI
- TES Price Step Tables in RDI/RDF
- Good-till-Cancelled only for Persistent Orders
- T7 GUI Launch Mechanism
- Enhanced Market Data Services
- New reports
- Introduction of FIX Gateway for T7/FX

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T7 Release 7.1 - Enhancements to Eurex EnLight

Functional description

- Support of complex instruments via "Publish Strategy" in "Request Details" of the T7 Trader GUI
- Two new feedback alternatives for the responder/Market Maker given: "Working" or "Declined"
- Introduction of a Free Text Field for more flexibility outside the T7 GUI
- User can transfer data in the Order Entry screen directly to Eurex EnLight via a "Add Eurex EnLight" button
- Eurex EnLight Minimum Block Trade Size will be displayed in all relevant screens
- New TES type "EnLight" for off-book trades resulting from EnLight will be introduced - Members need to update to T7 Version 7.1 in order to continue to enter and approve EnLight trades (no backwards compatibility)!

Impact on interfaces

ETI

- Incorporation of the *FreeField5* field in all Eurex EnLight related order, quote and deal request and messages
- A new ETI message *"QuoteStatusRequest"* to set state to *Decline* or *Working and* enhancement of Quotes Notification by new *Decline* and *Working* states
- A new text field *FreeText5* in Open/Update Negotiation Event transaction, SRQS Quote Entry/Hit Quote transaction
- A new valid value of tag 828 *"TrdType"* denoted by "*1006 – EnLight triggered trade"*

GUI

- Following enhancements will be introduced: *Request Details* screen with a *Publish Strategy* button, acknowledgment Status with *Working* and *Decline,* Eurex EnLight *Deal Entry mask* to display the MBTS, the *Order Entry* mask to start a new Eurex EnLight request

Reports

- Enhancement in TE600/TE610 (Maintenance/Best Execution Summary) by the incorporation of the *FreeText5* field
- Interface to C7 due to new trade type

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T7 Release 7.1 - Basket Total Return Futures (BTRF)

Functional description

Overview

- BTRF is a customised package of one or more Equity TRFs with the same maturity constructed by traders within certain parameters (BTRF are entered via a new dedicated screen via T7 GUI or new requests via the ETI interface)
- ETRFs can be traded as stand alone in the order book and as part of a basket (BTRF) via TES (new TES functionality)
- T7 will automatically generate a unique Basket ID for each basket and traders will be able to enter their own optional reference ID (new field Own Reference ID)
- Changing composition of an executed BTRF is supported by the entry of another basket with reference to the original basket (possible as long as the basket instruments have not expired, counterparties must be the same)
- Basket execution will result in TES trades in individual ETRF components of the basket

Impact on interfaces

ETI

- New ETI requests will cover the TES basket trading workflow
- On initial entry of new basket, T7 will return a unique basket ID which must be referred to in all further requests

FIX

- BTRF trading will not be supported via the T7 FIX interface (but TES trades are reported via trade notification messages)

Market and Reference Data

- The trade prices of TES trades that have been executed as part of a basket will be flagged as such
- The RDI will publish the BTRF Buckets available (buckets determine which products can be grouped together)

GUI

- The T7 Trader GUI will support the BTRF trading workflow in TES Trade Entry

Reports

- TES trades resulting from the execution of a basket (incl. basket ID) will be shown in TE545 Daily TES Maintenance report
- A new report TE546 Daily TES Basket Maintenance will document the trading activity on a basket level

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T7 Release 7.1 - Options Strategy Enhancements - Part 1

Overview

- The introduction of the strategies enhancements is planned in a two-step approach:

  - Additional strategies which do not require an enlargement of the existing leg expiration rules and leg strike price rules will be introduced with 7.1

  - Further options strategies which explicitly require new leg expiration and strike price rules will follow with 8.0 (see slides referring to T 7 Release 8.0)

New Strategies

Standard Option Strategies

- Put (Call) Spread versus Put (Call), also versus Spread

- Add further ratios to Spreads and Calendars

- Calendar and Straddle Flys

- Iron Condor

- Strangle Spread

- Straddle versus Strangle

- Swap strategies will follow up

Option Volatility Strategies

- Respective Volatility Strategies (+/- U) are added

- Align setup for currently missing Volatility Strategies

T7 Release 7.1 - Inter Product Spreads (IPS)

Functional Description

- In preparation for the introduction of IPS, Eurex will re-assign partition IDs and/or multicast addresses for the dissemination of market data for FBTS, FBTP and FGBX (effective May 13)

- Configuration of simple instruments (outrights) combination across different products will be supported

- IPS will be quoted and traded in price terms in a separate order book, excluding implied-in and out quotes

- The product scope are fixed income futures and will include in Phase 1 the Bund/Buxl, Bund/BTP and Schatz/BTS spread - start of trading in IPS planned for September 2019 (simulation to start in June 14)

- The definition of leg ratios and availability will be performed by the exchange

- Participants will not be able to create user defined combinations (complex instruments)

- TES is out of scope

Impact on Interfaces

- The IPS definition will be published via RDI with the structures of Market Segment and Security

- The Market Segment (Product Pool) contains a framework under which different securities (simple instruments) can be combined

- The security snapshot will provide information about the combined securities (leg ratios, leg side)

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T7 Release 7.1 - Complete Removal of Connection Gateways

- Connection to the T7 Connection Gateways (CWGs) will not be possible after the T7 Release 7.1 production launch (Simplification of ETI session logon process already announced in T7 7.0 Release Notes)

- Participants can either directly logon to an active (Partition-Specific) PS gateway for High Frequency (HF) sessions or to the recommended Low Frequency (LF) gateways as shown in the member section

- All IP addresses of PS and LF gateways are documented in the Network Access Guide

- In order to maintain uniform distribution of sessions across gateways, recommended trading gateways continue to be assigned to LF session sessions

- The recommended trading gateways for an LF session can be seen via the member portal in the fields "Trading Gateway 1" and "Trading Gateway 2"

- Participants currently using ETI 6.1 backward compatibility for T7 Release 7.0 must upgrade their applications to use the ETI 7.0 or ETI 7.1 interface layouts respectively!

T7 Release 7.1 - Further features

Sequence of Messages in EOBI
- The EOBI feed will be enhanced and report aggressive side changes first, i.e. before matching information

Addition of the leg price field for Vola Strategies in EOBI
- The leg price information for the underlying leg of the options volatility strategy will be added

TES Price Step Tables in RDI/RDF
- RDI/RDF will be enhanced by a new field in the instrument snapshot and include price step table for TES as well

Good-till-Cancelled (GTC) only for Persistent Orders
- T7 will support GTC only for persistent orders

T7 GUI Launch Mechanism
- Seamless update mechanism of GUIs existent by implementation of the *"T7 GUI Launcher"* (Java Web Start replacement); deployment of Java SE 8 Runtime Environment intended without additional Java license charges (to be used exclusively with the T7 GUI applications)
- Decommissioning of the current Landing Page solution is planned with Release 8.0

Enhanced Market Data Services
- Additional EMDS Trade Replay Cycle planned at 08:10 in order cover THX trades

Reports
- New: TE546 (Daily TES Basket Maintenance), TD963 (Daily EnLight RFQ Fulfillment) TD964 (MTD EnLight Performance)
- Changes: TE545 (Daily TES Maintenance), TE600/TE610 (Maintenance/Best Execution Summary)

Introduction of FIX Gateway for T7/FX
- Trading via Fix will be enabled (The ETI interface for FX is the same as for Derivatives)
- T7 FX products and T7 Derivatives products are traded on separate T7 backends, also separate FIX-Gateway for T7 FX

T7 Release 8.0 - In a nutshell

T7 8.0 Features

- Eurex EnLight Enhancements
- Basket Total Return Futures Enhancements
- Inter Product Spreads (Cross-partition)
- Options Strategy Enhancements (Part 2)
- Direct Electronic Access DEA
- New instrument naming convention
- Product assignements changes and pre-trade risk limits
- Validation of trading capacity
- Enhancements of quote deletion context
- Tunneling of (LF gateway) order/quote management requests via PS gateways
- TES: Support hedging of flex options trade by volatility futures trade functionality
- Leg trade information for TES initiator

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T7 Release 8.0 - Enhancements

Eurex EnLight Enhancements
- Further enhancements are planned with Release 8.0 (dedicated communication will follow at a later stage)

Basket Total Return Futures BTRF Enhancements
- Readjustment of Profiles: The current setup of the Profiles will be reshaped in order to allow a dedicated entry and maintenance of the BTRF Profiles in the GUI and ETI
- Further technical and functional adjustments: ETRF/BTRF trading workflow will be streamlined by providing additional validations for non-allowed ETRF TES trading and for the amendment and substitution operations

Inter Product Spreads (Cross-partition)
- Further IPS enhancements include Cross-partition trading
- Eurex will complete Fixed Income IPS product suite and offer additional spreads: Schatz/Bund, Schatz/Bobl, Bobl/ Bund, OAT/Bund, BTP/OAT and BTP/BON (all IPS will be launched on a non-implied basis)

Options Strategy Enhancements
- Focus is on additional options strategies which will explicitly require new leg expiration and strike price rules
- Strategy Amendments to occur as equidistant price constraints will be relaxed

Direct Electronic Access - New Flag on Order Entry
- New dedicated DEA flag will introduced on order entry, modification, deletion in ETI/FIX (no GUI)
- Default T7 flagging will be „no" for DEA
- It will be also included in Trade Notifications and Trade Capture Reports
- The flag is only allowed for Trading Capacity "Agent"
- It is currently assumed that the Trader ID identification will not be necessary anymore
- Further functional changes to the DEA process and Order Entry flag will be communicated in due course

T7 Release 8.0 - New instrument naming convention

Overview

- Since the launch of the Three-Month SARON® Futures on 29th October 2018, Eurex has been working on a solution to change the name of the contracts to be by the start of the reference period as opposed to the end, as this was requested by market participants.

Current Naming Convention

Contract Month: Dec
Expiry Month: Dec
Reference Quarter: Sep-Dec

Saron compounded daily during quarter

Final Settlement Price for **Dec Contract:** daily compounded rate from last trading day before IMM Date Dec

Jun   Sep   Dec
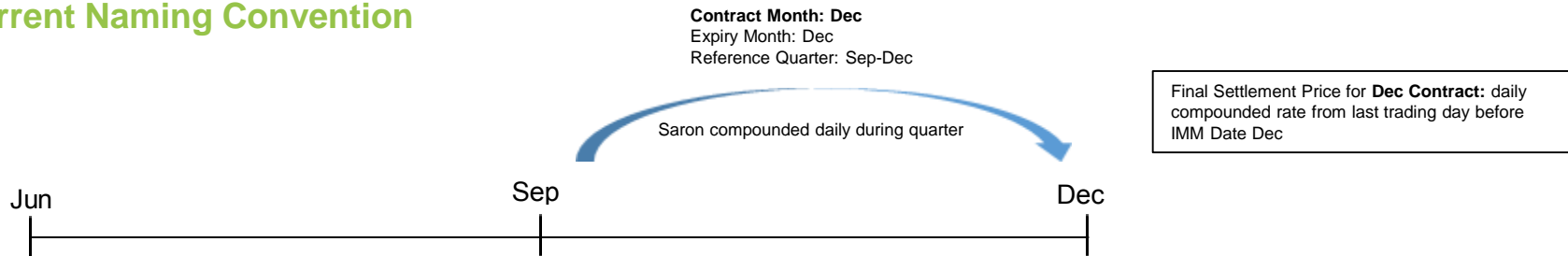
Future Naming Convention

Contract Month: Sep
Expiry Month: Dec
Reference Quarter: Sep-Dec

Saron compounded daily during quarter

Final Settlement Price for **Sep Contract:** daily compounded rate from last trading day before IMM Date Dec

Jun   Sep   Dec
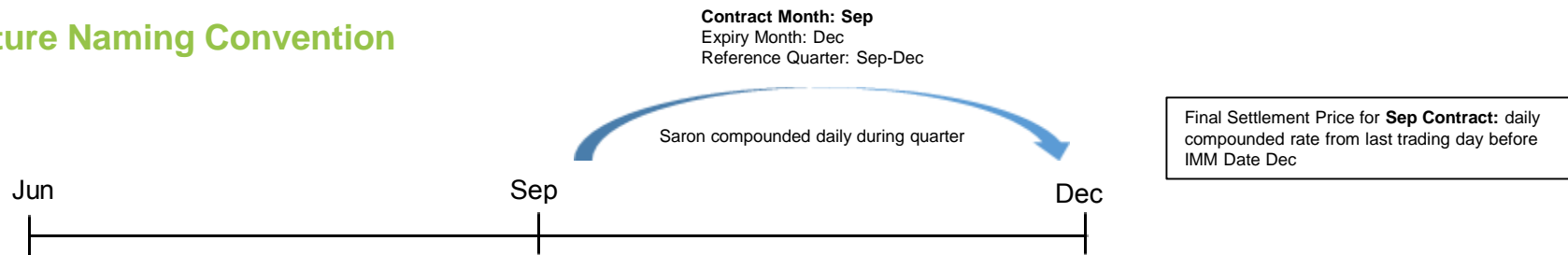
- In the 8.0 release, the T7 system will be updated to accommodate this change by publishing additional data.

T7 Release 8.0 - Product assignments changes and pre-trade risk limits

Overview

- Due to the Eurex Classic migration to T7/C7, changes will apply for member-product assignment and pre-trade risk limits:
  - Product assignment will be implemented in C7
  - „Max Order Quantities" will be discontinued
  - Enhanced functionality will become available in T7
- In Eurex Classic Clearing defines Product Groups, assigns products to that group and assigns Product Groups (quantity of zero per default) to CMs and DC
- CMs assign quantities > 0 to products for their DC (maximum quantities as defined by Eurex apply)

Pre-Trade Risk Limits in T7

- Offer CMs possibility to control DC Market Participants on a product level to limit order book/ TES exposure
- Offered for THX products and FX futures since 3 December 2018 (addition of major benchmark futures will be evaluated)
- Will be offered for TES (off-book) for all products
- TSL on a trader level can still be defined by CMs and DC Market Participants as today

T7 Release 8.0 - Validation of trading capacity

- For regulatory reasons, Participants are regulatory required to obtain an authorization of regulated activities from their national authority in order to provide client services in regulated markets ("client service authorization")

- According to the Rules and Regulations of Eurex, participants without a client service authorization are not entitled to use the trading capacity with the valid value "agent"

- With T7 Release 8.0, a new validation will verify whether the usage of the trading capacity with valid value "agent" is compliant with the client service authorization

- Any on-book or off-bank transaction mandatorily involving the trading capacity (e.g. order entry, block trade approval) will be rejected in case a trader uses the trading capacity with the valid value "agent" but his own business unit is not compliant with the client service authorization

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T7 Release 8.0 - Enhancements of quote deletion context

- Eurex can define the handling of quotes (single- versus double sided, deletion context) via exchange configuration and is supporting currently following quote handlings
  - Single Sided Quote Not Allowed (configuration not used) => If validation would only affect one quote side, both quote sides will be rejected
  - Sided Quote Entry Allowed (current valid configuration for all products) => Quote rejection always involves both quote sides, i.e. the rejection will never lead to the result that only one quote side is left
  - Single Sided Quote Supported (new configuration expected to be applied after launch of T7R8.0) => Quote rejection only affects quote side causing the rejection, i.e. the rejection may lead to the result that only one quote side is left

- To support quote side specific information in the ETI Mass Quote Response, the following ETI enhancements will be introduced
  - NEW: There will be quote-side specific information (instead of quote specific information): quote status, rejection reason, cancelled quantity

- ETI QuoteEntryStatus and Quote EntryRejectReason fields need to provide consistent information about status and the rejection reason in case one quote side is rejected because of
  - Failed price non-reasonability check
  - Failed extended price range check
  - Application of Book-or-Cancel restriction to aggressive Book-or-Cancel quote side
  - Enforcing passivity in the context of PLP

- Members need to update to T7 Version 8.0 (no backwards compatibility)!

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T7 Release 8.0 - Tunneling of low-frequency gateways

Current Situation

- There are four LF gateways which can be used to access the matching engines of all partitions
- The network link to LF gateways is around 50 µs slower than the access to PS gateways via 10 Gbit/s lines
- Currently, the LF gateways communicate directly with the matching engine

Future Situation

- The LF gateways will communicate with the matching engine via the PS gateways
- The number of LF gateways and network access to the LF gateways will not change

Result

- Overtaking between messages sent via LF and PS gateway will no longer be possible
- Eurex will publish the request-in timestamps of the PS gateways in the EOBI market data protocol

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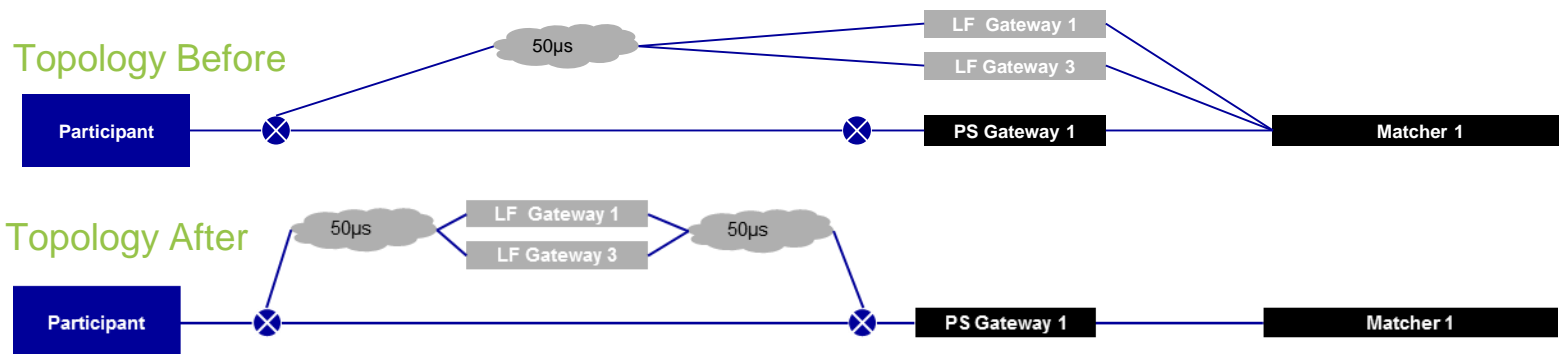
T7 Release 8.0 - Further features

TES: Support hedging of flex options trade by volatility futures trade functionality

- Currently the volatiliy futures trade functionality is used for delta-hedging of block-traded options excluding flex options
- With T7 Release 8.0, the volatility futures trade functionality can also be used for delta-hedging of block-traded flex options
- As for block-traded options, any standard (outright) instrument of the corresponding underlying future is allowed for the delta-hedging of block traded flex options

Leg trade information in TES broadcast

Starting point

- When initiating a block trade without specifying the leg trade prices in a complex instrument as a broker (i.e. a user which is allowed to initiate an off-book trade but not allowed to be involved on the buy or sell side) then the initiating broker will not receive an information about the leg trade prices

Goal

- The initiator of a TES trade will get both, leg trade prices and leg quantities for complex instruments via ETI – as part of final approval.
- Therefore, the initiator will no longer need to consider the separate trade volume reporting via the public market data interfaces MDI / EDMI)

Recommendations for a successful release implementation

Source	To-Do
Readiness Mailings	Please make sure you sign-up for the new concept for Eurex Circulars and Readiness Newsflashes, so that you receive all updates.
Release Notes	Verify which of the items are affecting your business and need to be put in focus.
Simulation Guide	Follow the recommendations of testing and participate in the prepared simulation scenarios.
T7 Cloud Simulation & T7 Release Simulation	Participate actively in the simulation, check that all processes and trading tools (Eurex GUIs, proprietary software, ISV software, used algorithms) etc. are compliant and working with the new release version.
Readiness Statement	Please provide the online Readiness Statement in due time.

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Appendix

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Publication schedule T7 Release 7.1

T7 Release 7.1	Eurex	Xetra	Combined	Dec 2018	Q1 2019 Jan	Feb	Mar	Q2 2019 Apr	May
T7 Release 7.1 – Release Notes	x	x		◆					●
T7 Functional Reference			x						●
T7 Functional and Interface Overview			x						●
T7 Participant Simulation Guide			x					●	
T7 Cross System Traceability			x					●	
T7 Incident Handling Guide			x					●	
T7 Participant and User Maintenance Manual	x	x						●	
Contract Notes Description		x						●	
T7 Known Limitations			x					■	●
T7 Trader, Admin and Clearer GUI – User Manual	x	x						■	●
T7 Trader, Admin and Clearer GUI – Installation Manual			x					■	●
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				◆	■	●
T7 Market-, Enhanced Order Book- and Reference Data Interfaces, Manual incl. Fast Message Template, Repository & FIXML Schema Files			x				◆	■	●
Xetra Instrument Reference Data Guide		x						●	
T7 Extended Market Data Services – Manual incl.			x					■	●
T7 XML Reports – Reference Manual	x	x						■	●
Common Report Engine User Guide			x					●	
N7 Network Access Guide			x					●	
Xetra Rules & Regulations		x							●
Market Model for the Trading Venue Xetra		x						●	

◆ Preliminary Version   ■ Simulation Version   ● Final Version

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◆ Preliminary Version   ■ Simulation Version   ● Final Version

Publication schedule T7 Release 8.0

T7 Release 8.0	Eurex	Xetra	Combined	Q2 2019			Q3 2019			Q4 2019		
				Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
T7 Release 8.0 – Release Notes	x	x			◆			●				
T7 Functional Reference			x					●				
T7 Functional and Interface Overview			x					●				
T7 Participant Simulation Guide			x					●				
T7 Cross System Traceability			x					●				
T7 Incident Handling Guide			x					●				
T7 Participant and User Maintenance Manual	x	x						●				
Contract Notes Description		x							●			
T7 Known Limitations			x						■		●	
T7 Trader, Admin and Clearer GUI – User Manual	x	x						■			●	
T7 Trader, Admin and Clearer GUI – Installation Manual			x					●				
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					◆■			●	
T7 Market-, Enhanced Order Book- and Reference Data Interfaces, Manual incl. Fast Message Template, Repository & FIXML Schema Files			x					◆■			●	
T7 Extended Market Data Services – Manual incl. Fast Message Template and Underlying Ticker Data			x					■			●	
Xetra Instrument Reference Data Guide		x						●				
T7 XML Reports – Reference Manual	x	x							■	●		
Common Report Engine User Guide			x					●				
N7 Network Access Guide			x					●				
Xetra Rules & Regulations		x							●			
Market Model		x									●	

◆ Preliminary Version   ■ Simulation Version   ● Final Version

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Fixed Income Derivatives Roadmap

June 2019

Fixed Income Product Roadmap

Expand

8 Corporate Bond Future

- The credit market remains one of the only major capital markets without a robust futures market. Eurex launched futures based on Euro STOXX 50 Corporate Bond Index in Sep 2017,volumes are slowly developing with the implementation of technical infrastructure at banks credit desks and the finalization of New product approval procedures. Eurex market participants expressed an interest in an alternative futures product on an Euro High Yield Index underlying.

9 Options on FI ETFs

- The global fixed income ETF market has continued to grow steadily over the past few years. A second phase of Fixed Income ETF Options are due to be launched in Q2 2019 on three further underlying's, including Euro Credit ETFs, to expand the current offering.
- The phase I ETF Options launched, have traded over 41,000 contracts.

10 SARON Future

- Three-Month SARON Futures were launched on 29.10.2018 based on feedback provided at the Swiss National Working Group on alternative reference rates. Since launch, the volumes have been slowly developing, with three liquidity providers quoting prices on a daily basis in all 12 expiries. However, volumes are only expected to pick up significantly once more OTC transactions are linked to the SARON rate - currently this is expected towards the end of 2019.

11 Options on BTP

- Eurex launched Options on Euro-BTP-Futures in October 2017 in anticipation of a breakdown of correlation with other asset classes and to expand investors' investment choices for Italian debt.
- 2018 ADV moved from 4.3k in HY1 to over 9k contracts in HY2 2018 with four MMs quoting.

Explore

12 IPS for EUR FI Futures

- With T7 7.1., Eurex will be able to launch IPS in combinations of futures that are technically grouped on the same partition. The initial IPS offering includes FGBL / FGBX, FGBL / FBTP and FGBS / FBTS.
- Further yield curve spreads will be listed on the German curve with T7 release 8.0.

13 Fixed Income TRF (Gilts)

- The Gilt Total Return Future represents a versatile instrument to synthetically replicate the Total Return Swap market and to provide capital efficiencies to clients and price transparency to the market participants. LDI investors and hedge funds are the main actors of this ecosystem.

14 Replacement STIR Benchmark Products

- It is expected that LIBOR will stop being published by the end of 2021. To support the market transition to alternatives reference rates, Eurex is looking at launching a range of benchmark products. The launch of SARON futures at the end of 2018 was the first step in this initiative and it is planned to launch ESTER (alternative to EURIBOR) futures by the end of 2019, as a next step. The need to launch additional products and functionalities will be assessed on an on-going basis.

Equity and Index Product Design - Roadmap

June 2019

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Agenda

- Equity & Index Product Design 2019 Timeline Planning

- 2019 Product Launch Roadmap

- Equity & Index Product Design 2019 Selected Key Initiatives

- Thematic Index Futures on ESG Indices

- Calendar Tick Size Reduction

- ETF Options

- MSCI Index Dividend Futures

- Stock Tracking Futures

- ETRF / BTRF

- Proprietary Indices

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Equity & Index Product Design 2019 Timeline Planning

Eurex Exchange / **European Energy Exchange** / **Eurex Clearing** / **Eurex Repo**

2019 Product Launch Roadmap

Products & Services	2019													2020											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ETF Options		Black Rock iSHares		Other Issuers																					
Thematic Index Futures		■							■																
Extension of MSCI segment			■																						
MSCI Index Dividend Futures									■																
Non-Disclosure Flag												■													
Dispersion Futures										■															
TRF Extension to MSCI USA											■														
Stock Tracking Futures								■																	
Related Security Spread Futures									■																
ETRF/BTRF							■																		
Equity Bespoke Basket												■													
Custom Indices															■										
Compression												■													
Eurex Crypto Initiatives									■	■	■														

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Equity & Index Product Design 2019
Selected Key Initiatives

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Thematic Index Futures on ESG Indices

Description & Rationale	• The massive growth of ESG investing has created a need for more sophisticated or diversified index concepts that went away from existing benchmarks to more sustainable ones • Eurex plans to provide new tools to the ESG markets that help market participants to meet the more demanding requirements to implement mechanisms to avoid unwanted sustainability risks and to encourage sustainable investments
Market Structure & Feedback	• Eurex has, jointly with index provider STOXX, reached out to market participants in order to consult on the required specifications for ESG benchmarks and assess demand for derived futures • Institutional investors appreciate the STOXX ESG-X concept and want to use it as a more sustainable benchmark and also as an alternative to customized swaps • A broader market consultation showed that STOXX Europe ESG-X index present a good opportunity to establish products from an index provider covering Europe • Index investment families covering Negative/exclusionary screening, Norms-based screening, Positive/best-in-class screening and Sustainability themed investing • Initial focus on three STOXX index futures with negative screening, reduced low carbon exposure and forward-looking climate indicators
Current Status	• 3 index futures launched on STOXX Europe 600 ESG-X, STOXX Europe Climate Impact and Euro STOXX 50 Low Carbon • Supported by several on screen and block liquidity providers, with open interest building and good early volume growth

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Calendar Tick Size Reduction

Description & Rationale	• Eurex has the goal to remain "best in class" for its benchmark products. Separate futures outright and calendar order books are a familiar feature on major US derivative exchanges. Offering the open interest holders a cheaper cost for rolling should encourage and be supportive for volume growth
Market Structure & Feedback	• Historically tick size was harmonised in the outright and calendar futures order book • The outright order books for the first and next expiries are linked to the calendar order book via synthetic matching • There is a sound basis for products that have low volatility to have a corresponding lower tick size to reflect greater pricing accuracy • In response to member feedback to change the calendar tick size for the FESX, Eurex analysed the various benchmark products and ranked by % TES volumes during the roll period: FXXP, FESB, FESX in that order
Current Status	• Eurex highlighted a roadmap for testing the calendar tick size reduction to 0.02 for the FXXP, data so far exhibited no evident harmful effects • Product design is now consulting on similar proposed changes for the FESB and will commence on FESX shortly

ETF Options

Description & Rationale	• Eurex offers a broad range of ETF options on more than 20 of most liquid ETFs in Europe • Agile product introductions to capitalize on volume migration and new asset classes • Cover all major European ETFs to become the leading venue for trading options

Market Structure & Feedback	• 2017 Phase 1 – ETF product suite was rationalized, whereby options were listed on most traded European ETFs, while legacy ETF products were delisted
	    – Sporadic volume, concentrated in 2-3 products; dependency on a few large end clients
	    – Fragmentation in Europe negatively impacts the distribution and settlement of ETFs
	    – Pressure on Liquidity Providers to focus on most profitable segments
	    – Limited borrow/lending market for ETFs, which makes market making expensive
	• 2018 Phase 2 – options on iShares Gold ETC (IGLN) listed
	• 2019 Phase 3 – options on selected US sector ETFs, Brazil, FTSE 250 and EPRA, Silver ETC listed
	    – Expand into traditionally inaccessible asset classes (e.g. Commodities, Credit etc.)
	    – Theme of volume migration from US 40 Act ETFs towards European UCITS ETFs
	    – Regulation supports passive trend and industry consolidation in EU

Current Status	• IGLN options traded over 1.2mn contracts in the first 6 months since listing

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MSCI Index Dividend Futures

Description & Rationale	• The MSCI Index Dividend Futures enable investors to take a view on the gross cumulative cash dividends that are announced and paid by the individual index constituents during a quarter or annual period • Therefore, investors can buy or sell the index dividend futures at the prevailing (i.e. market-implied) level of these dividend payments for the required number of periods to gain the desired exposure to the dividend stream or to hedge dividend stream of the underlying MSCI index

Market Structure & Feedback	• Eurex Exchange was a pioneer in offering exchange-traded dividends, introducing EURO STOXX 50® Index Dividend Futures in 2008. Ten years on and Eurex remains a leader in dividend derivatives worldwide
	
	• In addition, Eurex has been building its MSCI derivative franchise since 2013 and now lists the most diverse yet relevant benchmarks used by fund managers worldwide
	
	• Within the framework of the Eurex strategy regarding MSCI products, additional listings including dividend futures on MSCI indices are requested and planned, aiming Eurex to become the trading platform of choice globally for MSCI derivatives in terms of volume and open interest
	
	• Market consultation revealed interest in index dividend futures for the following indices:
	   – Phase 1: MSCI EM, MSCI EAFE and MSCI World
	   – Phase 2: MSCI regional/country indices
	
	• Product specifications/ index methodology will mostly be in line with existing Futures on dividends of the EURO STOXX® 50 index:
	   – Annual contract expiries
	   – The dividends declared and paid by each individual constituents of the index during the contract period will be determined solely by MSCI and in accordance with their rulebook

Stock Tracking Futures

Description & Rationale	• Eurex plans to launch and list **Stock Tracking Futures** ("STF") in **Q3 2019** and was previously discussed as Single Stock Dividend Adjusted Futures in 2017 / 2018 • STFs are **delta one single equity** products that **track the performance of the underlying stock**

Market Structure & Feedback	• **STFs** are a **strategic completion** of the **delta one offering across Eurex's single equity suite**
	• Eurex will list STFs on each of the **EURO STOXX 50 constituents**
	• The STF differ from the regular Single Stock Futures as the **daily settlement price is reduced by the gross dividend** that is **paid in the underlying shares**. Hence, the product is less exposed to changes in the expected dividends
	• **Adjustment Method** will be as follows:
	   – Price Correction Method: Start of day position will be booked out at the previous day settlement price and booked back-in at the adjusted previous day settlement price
	   – Only regular dividends are adjusted. Corporate actions are treated via R-factor before the Price Correction Method is applied
	• The **product is most suitable for asset managers** who seek longer term exposure to the underlying stock without exposure to changes in expected dividend

ETRF / BTRF

Description & Rationale	• Objective is to launch a **futurised equity financing solution** for shares and baskets. • Mitigate **counterparty risk** and **bilateral margining** for non-cleared OTC equity & basket TRS. • **Balance sheet benefits** for dealers (and end-clients) investing in equity shares and baskets under a transparent and secure CCP environment. • **Cross margining** and **operational synergies** with Eurex equity derivatives, including SX5E TRF.
Market Structure & Feedback	• **Equity TRF (ETRF)** are the building blocks for Basket TRF. ETRFs are fully fungible contracts aiming to replicate the performance of an OTC equity TRS. Note that the related Cash Basket Hedge is out of scope. • **Basket TRF (BTRF)** is a customised package of one or more ETRFs with the same maturity constructed by traders within certain parameters (e.g. bucket, stocks, notional, weight %, side) in relation to eligible shares. • Envisaged to be used mainly as a financing tool between banks to mitigate balance sheet constraints, with the aim to attract in a later stage buy-side and pension funds as end-users.
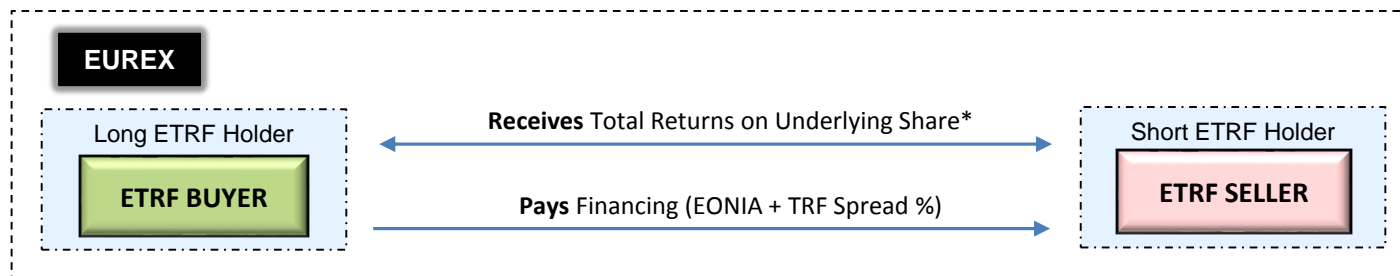
Proprietary Indices

Description & Rationale	• **Futurised wrapper solution for systematic trading** on proprietary indices to benefit from the advantages of a listed derivatives at Eurex Exchange and subsequently cleared at Eurex Clearing. • **Mitigate counterparty risk** with Eurex Clearing as a central counterparty (CCP). • **Reduce balance sheet costs** for banks due to bilateral non-cleared margin requirements. • **Benefits for synthetic ETF replication** by mitigation of counterparty risk for the swap.
Market Structure & Feedback	• **Integrated Bank-to-Client solution** for factor allocation, trading, clearing and risk management. • Futurised wrapper and margin offsets are important benefits for end-clients who trade futures. Compared to notes, the banks will not have to provide all the rules which are deemed confidential which is a key advantage.
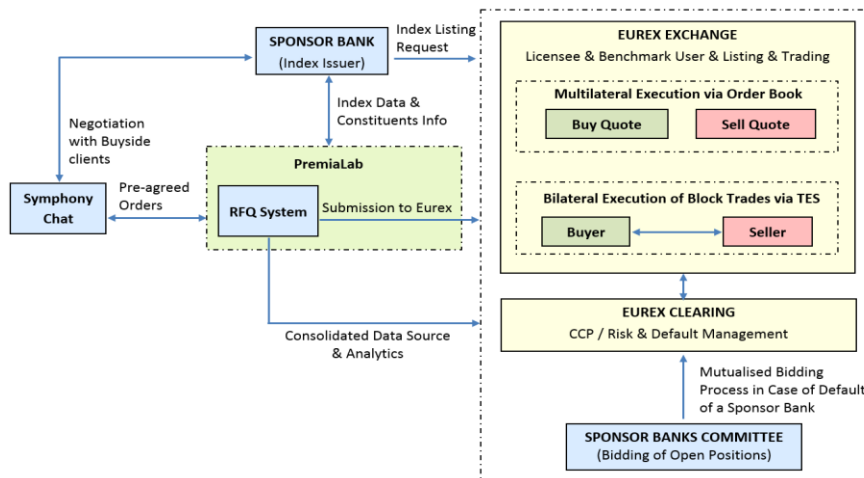
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Brexit Updates

June 2019

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Brexit Transition

Current Status of Eurex preparation

- On 21 February 2019,
    - **Eurex Frankfurt AG** as the market operator of Eurex Deutschland and
    - **Deutsche Börse AG and Börse Frankfurt Zertifikate AG**, the market operators of FWB,
  received recognition as a Recognised Overseas Investment Exchange (ROIE) from the Financial Conduct Authority (FCA)

- **Eurex Clearing AG** applied for recognition with the Bank of England (BoE) and benefits from the UK Temporary Recognition Regime (TRR) for non-UK CCPs

- UK clearing members may thus continue their membership with Eurex Clearing AG, and UK trading participants can continue their membership with Eurex Deutschland and FWB (including clearing relationships with UK-based clearing members)

- However, the scope of business that UK trading participants will be able to maintain in the case of a no-deal Brexit might still be limited due to the loss of passporting rights and corresponding new licence requirements

- **Eurex Repo** decided to make use of the overseas persons exclusion (OPE) as set out in Articles 72(3) and 72(4) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. Under this regime, Eurex Repo will be able to continue servicing UK authorised persons.

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Simplification of segregation model structures & on-boarding

June 2019

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Agenda

- Client Types
- Client Clearing – Segregation Models
- Key Changes in 2019

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Client Types

Clearing Members' clients' relationship to Eurex Clearing

Undisclosed Client	Disclosed Client
▪ **Relationship** remains solely **between Clearing Member and client** ▪ **No on-boarding requirements** with Eurex Clearing ▪ Available for direct clients (net omnibus) and indirect clients (net or gross omnibus)	▪ No or **limited contractual relationship** with Eurex Clearing ▪ No triparty clearing agreement and efficient KYC framework (if applicable) ▪ Known via name, LEI, address of its statutory seat, contact details (for Default Management) ▪ Available for direct clients which are gross omnibus or individually segregated

Available services			Trading Participation
		Post-trade activities	Post-trade activities
Access to reports [1]	Access to reports [2]	Access to reports	Access to reports
A-Account of CM	Own Member ID	Own Member ID	Own Member ID
ISA / GOSA Segregation		ISA / GOSA Segregation	ISA / GOSA Segregation
Client Type	**Basic Disclosed Client**	**DC with System Access**	**DC Market Participant**
	No exchange membership, disclosed via segregation		Former ‚NCM'

[1] Access is available (optional) for a subset
[2] Full reporting access is available (optional)

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Client Clearing – Segregation Models

What level of segregation is right for you?

NOSA	GOSA	ISA	LSOC

Position account
Collateral account

C (grey) Undisclosed client	DC (light blue) Disclosed client	DC (dark blue) Disclosed client	DC (green) Disclosed client

NOSA
- Position account with other client positions
- Margin is calculated on a net basis per position account
- Collateral via title transfer for cash and pledge for securities

Safety and Considerations
- Fellow customer risk
- Margin netting benefits
- Collateral is allocated by value
- Porting available with fellow customers
- Close out: Collateral will be returned for the benefit of clients via the insolvency administrator

GOSA
- Position account(s) separate from other clients
- Specific assets are not protected
- Margin is calculated on a net basis per position account (i.e. gross per client)
- Collateral via title transfer for cash and pledge for securities

Safety and Considerations
- Fellow customer risk limited to collateral shortfalls
- Collateral is allocated by value
- Porting available for individual clients
- Close out: Collateral will be returned directly to the client (excluding excess)

ISA
- Position account(s) separate from other clients
- Specific assets separate from other clients' assets are protected
- Collateral provided via title transfer for cash and pledge or title transfer for securities

Safety and Considerations
- Highest level of segregation
- No fellow customer risk
- Delivered assets are protected
- Porting available for each client
- Close out: Collateral will be returned directly to the client including any excess

LSOC
- Position account(s) separate from other clients
- Specific assets are not protected
- Collateral provided via title transfer for cash and pledge for securities
- For U.S. FCMs offering client clearing for IRS, OIS and FRA*

Safety and Considerations
- Segregation fulfils CFTC requirements for U.S. clients

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* FCM – Futures Commission Merchant
IRS – Interest Rate Swap
OIS – Overnight Index Swap
FRA – Forward Rate Agreement

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Key Changes in 2019

Timelines

Triparty Clearing Agreements No Longer Required

- Automatic termination in the Elementary Clearing Model (ECM)
- Simplifies know-your-customer (KYC) processes when on-boarding
- Impact on client clearing documentation to be checked by CM
- Clients with Eurex Clearing system access need a Connection Agreement

31 December 2019
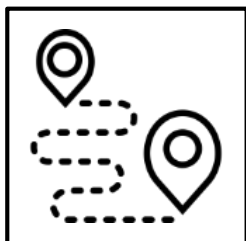
Migration of ICM Client to ISA

- No triparty clearing agreement
- No Eurex Clearing-specific appendix to Market Standard Documentation
- Simplifies KYC processes when on-boarding or migrating clients
- Impact on client clearing documentation to be checked by CM
- Clearing Model Change Agreement with Eurex Clearing and client

Recommended prior to October 2019
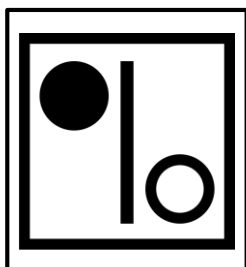
Switch to ECM Asset Based Allocation Method for CMs

- CMs are required to segregate client assets in a separate collateral pool. This permits CMs to set up multiple collateral pools for different client groups
- CM determines which assets are delivered to Eurex Clearing specifically for proprietary margin and client margin
- No impact for omnibus-segregated clients
- Clearing Agreement between Eurex Clearing and the CM (Appendix 1)
- Pledge Agreement (Appendix 7) from CM if securities are provided as collateral
- Setup in the Company Admission Tool

Recommended prior to October 2019

Icons created by Giuditta Valentina Gentile and Vijay Sekhar Sadineni

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Eurex Clearing Roadmap

Planned Release Introductions for 2019

May 2019

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Eurex Clearing Roadmap

Indicative timeline for 2019

	2019												2020
	Q1			Q2			Q3			Q4			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan

Eurex Clearing's C7

Release 5.0				◇ April 8th		◆ June 24th							
Release 6.0									◇ Mid Sept		◆ Nov 18th		

Eurex Clearing Prisma

Release 8.1		◇ Feb 5th	◆ March 18th										
Release 8.2				◇ April 30th	◆ May 27th								
Release 8.3							◇ Jul 23th	◆ Aug 26th					
Release 9.0										◇ Oct 8th	◆ Nov 18th		

EurexOTC Clear (OTC IRS, FX, XCCY)

Release 9.2					◇ May 15th	◆ June 17th							
Release 10.0										◇ Oct	◆ Nov 18th		

Eurex Clearing's Securities CCP

Release 16.0 Update		◇ Feb 25th	◆ April 1st										
Release 16.5					◇ May 20th	◆ June 24th							
Release 17.0										◇ Oct	◆ Nov 18th		

Today

◆ *Quarterly Enhancements*   ◆ *Production Launch*   ◇ *Simulation start date*

*Eurex Clearing plans a dedicated simulation period of 8-10 weeks in advance for all Release role-outs

Eurex clearing

C7 Enhancements

June 2019

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Agenda

- C7 Enhancements in Q1/Q2 2019

- C7 Release 5.0

- C7 Enhancements in Q3 2019

- C7 Release 6.0

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C7 Enhancements

Q1 2019
Enhance USD as Permanent Cash Balance (PCB)

- Today USD cash collateral deposits and USD intraday margin call amounts are paid back in the end of day process by

  - Cash withdrawal only if sufficient remaining collateral is available

  - Substitution by clearing currency of the affected collateral pool

    → This process remains for all collateral pools

- The re-launch of the USD Permanent Cash Holding enables Clearing Members to provide USD cash collateral without a payback on the next day

- Available for testing in Simulation from 18 March 2019 onwards

- Activation in Production on 1 April 2019

Future value date enhancement in C7 Collateral Management System

- Available for cash deposits and cash withdrawal and for securities withdrawal

- Requests will be processed intra-day and have no effect for the overnight margin calculation on value day - 1 (e.g. for withdrawal request the collateral is still taken in consideration)

- Available for testing in Simulation from 4 March 2019 onwards

- Activation in Production on 25 March 2019

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C7 Enhancements

Q2 2019

Activation of the reduction of available characters in text fields

- In 2018 we announced the reduction of available characters in text fields for T7 and C7 related to a backward compatibility in T7, the activation in C7 was postponed to T7 Release 7.1 (see C7 newsflash from 1 November 2018)

- Affected characters are listed below:

  - ["]; [&]; [=]; [`]; [@]; [+]; [']; [<]; [>]

- Available for testing in Simulation from 13 May 2019 onwards

- Activation in Production on 27 May 2019

C7 Enhancements

Q2 2019 – Release 5.0 1/2

- Introduction of new Trade Type for EnLight transactions

    - EnLight transactions will be processed in C7 with an own trade type and no longer as Block trades

        - **FIXML**: "1006" as new value in field TrdTyp (tag 828)

        - **Reports**: „L" as new value for field trdTyp

        - **C7-GUI**: „L" as new value for field Orig Trade Type

    - Available for testing in Simulation from 4 March 2019 onwards

    - Activation in Production on 24 June 2019

Introduction of Basket Total Return Future (BTRF)

- Clearing members can request the product assignment for Equity TRF via admission form

    - **FIXML**: PackageID (unique Basket ID, tag 2489) and FirmTrdID (Banks own Reference ID, tag 1041) as two new fields for the BTRF handling in C7

    - **Reports**: CB012 Account Statement, CB715 Average Pricing, CB750 Give-up Trades Overview and CB751 Take-up Trades Overview. The CB730 Position Transfer Summary, CE735 Expired Series Information CB165 Eurex Fee Statement will be extended to report the BasketID. Eurex Clearing also introduces a complete new report CB199 Eurex BTRF Monthly Fee Summary.

    - **C7-GUI**: Enhancement to allow searching for the entire baskets by using the BasketID as search criteria

- Available for testing in Simulation from 15 April 2019 onwards

- Technical installation in Production on 24 June 2019

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C7 Enhancements

Q2 2019 – Release 5.0 2/2

Introduction of Order ID for TES trades

- For TES trades the content of the T7 TES TradeSideID field will be reported in the C7 OrderID field
- Use case: to offer reconciliation opportunity on broker side
- Available for testing in Simulation from 15 April 2019 onwards
- Activation in Production on 24 June 2019

Onboarding of the European Commodity Clearing house (ECC) to the C7 infrastructure

- Transfer of the usage of Eurex Classic to the C7 infrastructure
- Available for testing in Simulation from April 2019 onwards
- Activation in Production on 24 June 2019

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C7 Enhancements

Q3 2019

Activation of the Stock Tracking Futures

- Stock Tracking Futures were presented to the DCC multiple times in the past as "Single Stock Dividend Adjusted Futures"

- Detail information will follow in agenda point - **Equity & Index Roadmap**

- Activation in Production planned for Q3 2019

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C7 Enhancements

Q4 2019 – Release 6.0 1/4

Decommission of Eurex Classic GUI

- Eurex Clearing plans to further reduce infrastructure complexity by decommissioning the Eurex Classic GUI, which will lead to new C7-GUI windows and to new functionalities in the existing C7 windows

- Available for testing in Simulation from mid-September 2019 onwards

- Activation in Production on 18 November 2019

Decommissioning Eurex Classic GUI	• New windows in C7-GUI
	• New functionalities in C7-GUI
	• Information on Eurex Clearing Website
	• User Entitlement via Eurex Classic obsolete

| Report Changes | • Obsolete reports will be decommissioned |
| | • Changed reports: csv- instead txt-version |

| FIXML Changes | • No FIXML changes planned |

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C7 Enhancements

Q4 2019 – Release 6.0 2/4

New Windows in C7-GUI

- Settlement Price Overview
- Margin Requirement Information
- Deliverable (Bonds) Overview
- Product Assignment Maintenance

New Functionalities in C7-GUI

- Maintenance of Auto Give/ Take-Up Approval for CMs
- Product Assignment Maintenance (further details will follow in due time)

Information on Eurex Clearing Website

- Option Margin Parameters
- Admissible Securities
- Exchange Rates
- Cash Limits for Position Transfer with Cash
- Give-Up Contacts (Member Section)

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C7 Enhancements

Q4 2019 – Release 6.0 3/4

Reports - available in .csv format instead of .txt

- RPTCD042 Daily Settlement Statement
- RPTCD043 ECM: Value Based Alloc. Method
- RPTTT121 Member Underlying Maintenance
- RPTTT126 Member Underlying Status
- RPTCD230 Monthly Interest Report
- RPTCD045 LSOC Settlement Statement

Reports – obsolete and no longer available

- RPTTT110 User Security Maintenance
- RPTTT115 User Security Status
- RPTTT120 Trader Underlying Maintenance
- RPTTT125 Trader Underlying Status

C7 Enhancements

Q4 2019 – Release 6.0 4/4

Introduction of new fee field in FIXML

- Provision of fee relevant information directly via FIXML Trade Capture Report

- Streamline member fee calculation and reduction of fee reconciliation breaks

- Easier adaptation of changing fee environment (e.g. change valid value of an existing field - with sufficient lead-time vs. introduction of new fields)

- Introduction of a new field in C7 containing fee related information

- Information to be separated via delimiter - such as comma or colon

- The field should include information yet not available via FIXML (e.g. disclosure flag) or information that might be overwritten by subsequent transition adjustments (e.g. trade type)

Enhance public broadcast messages for "End of Assignment"

- Add business date to easier control the back office processing

- FIXML tag @TrdDt will be added to report the business date

- Business date will be "today", except if the message is sent after midnight UTC it will show previous business date

- Available for End of Assignment "all options" and "all products"

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Prisma Release 8.2 and 8.3 introduction

June 2019

Prisma Release 8.2 / 8.3

Decommissioning of the reports CC050, CC055, CC060

Prisma Release 8.2 - Change of headers in Prisma XML reports

- The first line of every Prisma report will be changed from:

- <[Report ID] xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"> to

- <[Report ID] xmlns="http://www.eurexchange.com/technology">

- Available for testing in Simulation from 30 April 2019 onwards

- Production Launch is planned on 27 May 2019

Prisma Release 8.3 - Decommissioning of the reports CC050, CC055, CC060

- Since the introduction of Eurex Clearing C7 Release 3.0 Risk Reports are available in two versions:

  - Reports, CC750, CC755, CC760 which were introduced to support Flexible Accounts

  - Reports CC050, CC055, CC060 which were continued for backward compatibility reasons

- The decommissioning of the reports CC050, CC055, CC060 is planned for Eurex Prisma Release 8.3 on 26 August 2019

- All clients which are currently using the reports CC050, CC055, CC060 have to migrate to the reports CC750, CC755 and CC760

- Available for testing in Simulation from 23 July 2019 onwards

- Production Launch is planned on 26 August 2019

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OTC Release 9.2 and 10.0 introduction

June 2019

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EurexOTC Clear Release 9.2

Expansion of the EurexOTC Clear Service

- Eurex Clearing plans to expand the EurexOTC Clear Service (OTC IRS and OTC Currency Products) with the following functionalities:

  - **Logic for populating the WF-Role in FpML messages**: The WFRole will be "Client" if the trade is booked in the General Clearing Member's Specified Client Account or any Disclosed Client (DC)'s accounts (P-Account, A1-A9-Account or any fund account under the DC)

  - **New report CC209**: The report is a subset report of CC204 showing Initial Margin figures and will be available in csv-format

  - **Internal trade ID in reports**: Existing reports will be enhanced to show both the internal trade id for the CM and „Basic Disclosed Client with Member ID"

- Service enhancements and technical changes for U.S. Clearing Model (LSOC) for Swap clearing:

  - **New model "LSOC Without Excess"**: The LSOC service offering will be enhanced to support the "LSOC Without Excess Model". There are no adjustments of the reports and the FpML Interface planned. The functional details will be described and announced separately (e.g. within the "LSOC Member Guide")

  - Support of fund manager and other Disclosed Client set-ups, as for the European model

  - For the **Post Trade Event (PTE)** "account transfer", a take-up process will be introduced

  - For the **take-up process**, Eurex Clearing will adopt a rule to explicitly require its FCM Clearing Members to accept or reject such take-up requests within a certain timeframe. After this timeframe elapsed, trades will be rejected

- Available for testing in Simulation from 15 May 2019 onwards

- Production Launch is planned on 17 June 2019

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EurexOTC Clear Release 10.0

Decomissioning of IBOR rates

- Eurex Clearing will reflect the transition to new reference rates with Release 10.0
- The outcome of current efforts to replace reference rates in Europe (EURIBOR, EONIA) is pending
- The final scope will be announced via additional circular with sufficient lead time
- Available for testing in Simulation from mid-October 2019
- Production Launch is planned on 18 November 2019

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CCP Release 16.5 and 17.0 introduction

June 2019

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Securities CCP Releases
Outlook

CCP Release 16.5

- The update to CCP Release 16.5 enables technically additional place of settlement for exchange traded instruments

- Italian bonds traded as Special Repo can also be settled via CBF/ T2S account (in the setup request beneficial owner's Italian TIN must be provided)

- Further Non-DE Eurex Repo traded Bonds will be enabled for T2S settlement (activation will be announced by Eurex Repo in due time)

- T2S eligible NCSC (Non-Collective Safe Custody) instruments currently settled via CBL will be flagged in CCP System as CSC and settled via CBF/ T2S accounts

- Available for testing in Simulation from 20 May 2019 onwards

- Production Launch is planned on 24 June 2019

CCP Release 17.0

- Functional changes due to the Central Securities Depositories Regulation (CSD-R) and potential changes at T2S will be reflected at Eurex Clearing with CCP Release 17.0

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Securities CCP Simulation

Instruments in scope

Simulation Environment

- Following the instrument master data complexity reduction in the T2S simulation environment, CBF and Eurex Clearing have decided to limit the scope of instruments eligible for End-to-End tests between trading platforms, CCP and T2S environment.

- The instruments in scope for End-to-End settlement will be displayed on CCP settlement reports with the settlement status reported by CBF/T2S, instruments not in scope will be shown in CCP delivery reports as settled.

- These changes apply as of July 2019 to the CCP simulation environment

Eurex Clearing Roadmap

Key contacts

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Eurex C7 Securities Clearing Services (SCS)

Integration of Eurex Securities Clearing into C7

June 2019

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Agenda

- Integration of the Securities Clearing into the C7

- Wrap up of activities

- Playing field for the C7 SCS introduction

- Overview of Service Options

- Definition of Functionality

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New Securities Clearing Services

Eurex Clearing plans to integrate the Securities Clearing into the C7 Landscape including a new netting model

- With start of TARGET2-Securities (T2S), new standards for settlement and custody/corporate actions processing features have been introduced, allowing for a better management of delivery instructions in the CSD environment

- Eurex Clearing has started a restructuring initiative of its existing IT architecture. After introduction of the T7 platform for Eurex Derivatives Trading and the Cash Markets of Xetra and Börse Frankfurt and the C7 platform for Derivatives Clearing, the aim is to offer customers also a modernized Securities Clearing processing on the C7 platform

- In a first step, Eurex Clearing intends to change the netting model from Actual Settlement Date Netting (ASDN) to Trade Date Netting (TDN) for transactions concluded at Frankfurter Wertpapierbörse (Xetra XETR and Börse Frankfurt XFRA) and for transactions concluded at Eurex Deutschland (XEUR) that are resulting into securities transactions

- TDN becomes clearing standard in Europe for securities clearing. Major competitors already offer TDN

- It is planned to introduce the new securities clearing IT architecture within the next 3 years

- It is envisaged to enable lean implementation of new services and client requirements in the new architecture of the Securities Clearing Services

New Securities Clearing Services
Wrap up of activities

2018

Summer 2018 ✓	08/11/2018 ✓	20/12/2018 ✓	Dec. 2018 ✓
Initial Bilateral Customer Consultation / Sharing first ideas	SCC* / Customer Feedback	Newsflash Eurex Clearing Roadmap 2019	Bilateral Customer Consultation

2019

31/01/2019 ✓	28/02/2019 ○	11/04/2019 ○
Customer Focus Group #1	DCC* London / Information	SCSC** / Customer Feedback

* DCC: Eurex Derivatives Clearing Committee
**SCSC: Securities Clearing & Settlement Committee

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New Securities Clearing Services

Different requirements define the playing field for the C7 SCS introduction

Several **market dependencies** (regulatory, own projects)

CSD-R Settlement Discipline Regime comes into force in September 2020

Retail business requires hold/release function on single trades via C7 SCS

Detailed documentation required at least 1 year in advance of introduction

Client Readiness

Regulatory dependency: CSD-R

Retail business

Release notes

Institutional and proprietary business

C7 SCS

Customer Simulation
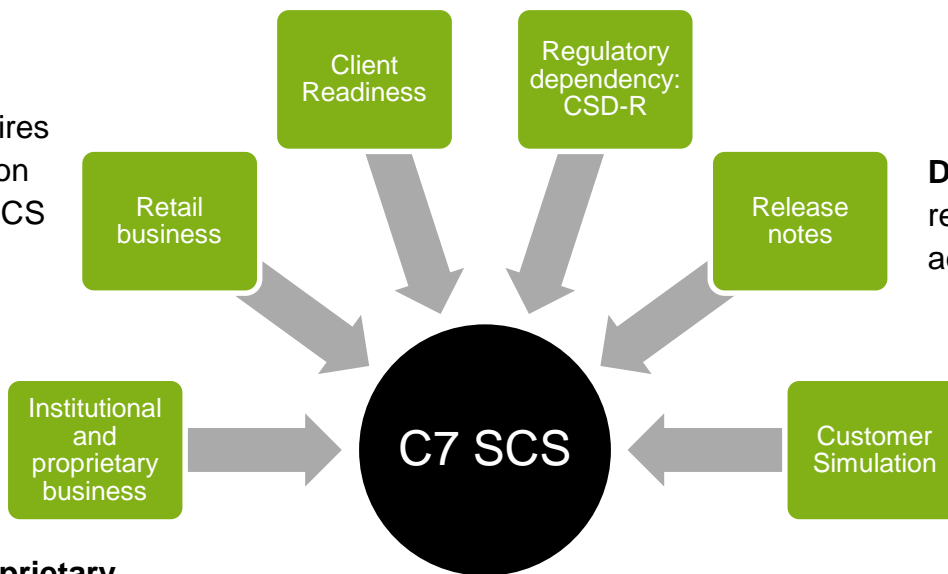
Institutional and proprietary business require standard trade date netting on T+0 with hold/release via CSD (optional via C7 SCS)

Simulation phase of at least 3 months required by customers
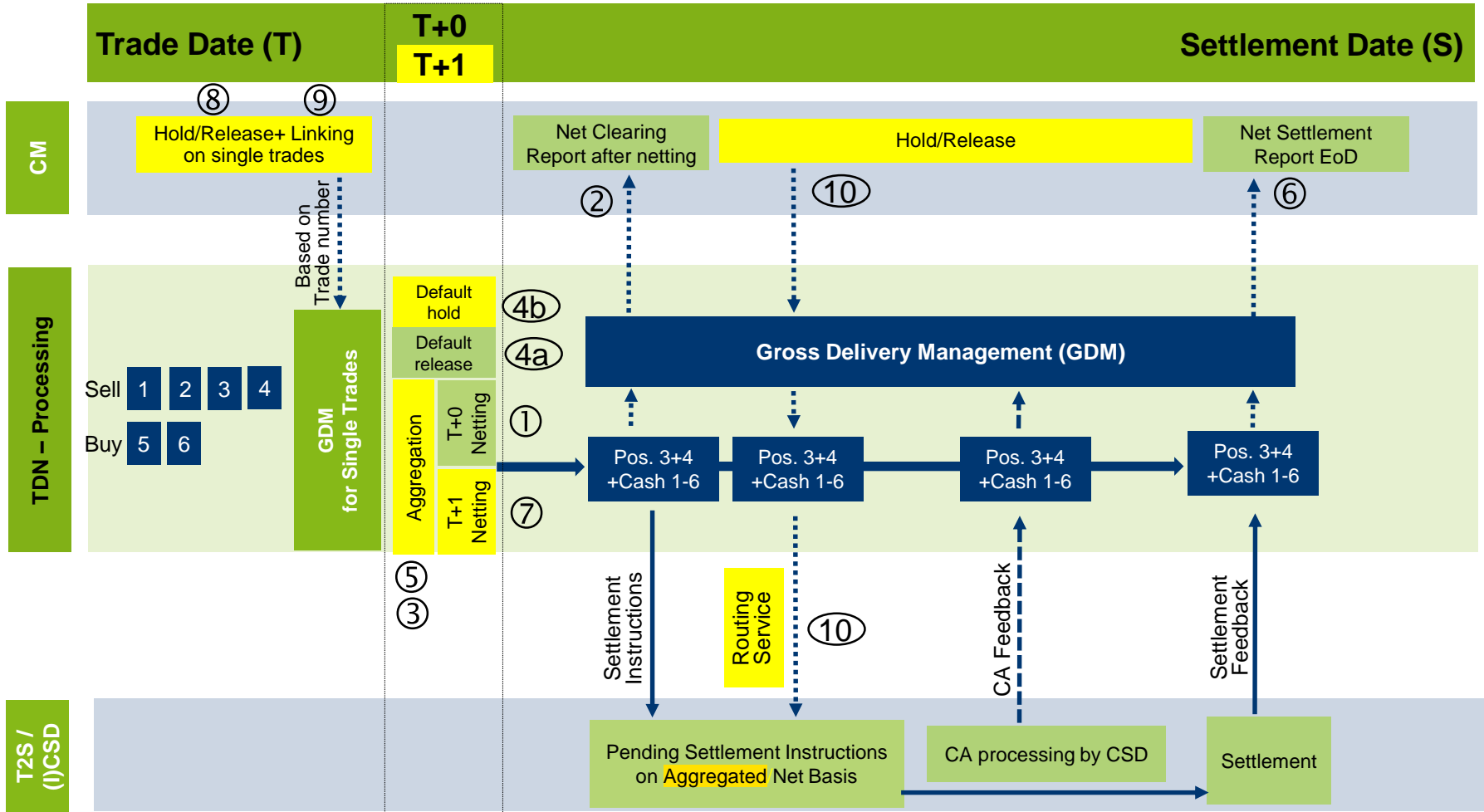
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Overview of Service Options

Definition of Functionality

Functionality	#	Definition
T+0 netting*	1	• Standard Trade Date Netting is performed on trade day T. Only the net result position is available at C7 SCS. The net delivery instruction is sent already on T to the (I)CSD. • T+0 netting is mainly requested for the institutional and proprietary business flow
Net Clearing Report	2	• The Net Clearing Report contains the mapping of single trades to Net Position trades (CSV-format)
Aggregation to unwind Strange Nets	3	• Aggregation is the sum of all buys and separate sum of all sells per Netting Unit • Aggregation is generally required in case net results are of type DVP, RvP, FoP**
Hold/Release default method (account setting)	4	• Trades and instructions are set on-hold/released based on the default account setting
Aggregation on account setup	5	• Aggregation is the sum of all buys and separate sum of all sells per Netting Unit • Aggregation as netting model is based on account setup
Net Settlement Report	6	• CSV Reporting of (partial) settlement of delivery instruction at the (I)CSD (no single trades included)
T+1 netting* with auto-aggregation	7	• Netting is performed on T+1. The single trades are available in C7 SCS for hold/release of single trades until netting. T+1 netting is especially requested for the retail business flow to keep the possibility to steer customer business on single trade basis
Hold/Release on single trades (B2B)	8	• Single trades can be set to status hold/released before netting is performed on T+1 (which leads to different outcomes)
Linking of single trades (B2B)	9	• Linking (n:m) is the assignment of single sell trades to single buy trades of the same clients in order to form one netting unit. Linking is applicable only until start of netting
Routing Service (B2B) (with Hold/Release on net position)	10	• Hold/release on the net result position is applicable after netting until settlement at the (I)CSD • Mainly for customers using T+0 netting, also theoretically on settlement day (until settlement) for T+1 netting • C7 SCS forwards customer's hold/release actions on the net position to (I)CSD (routing service)

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* T+0 or T+1 netting is based on position account setup
** Delivery/Receipt ,against' or ,free of' payment

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C7 Securities Clearing Services (SCS)
Key Contacts

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Appendix

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