



Eurex Next Generation ETD Contracts

Q&A from Focus Calls

Classification: unrestricted
SW-Rel. No.
Doc.-Ref. No.

Version: 5.0
Date: 31 October 2022

© Eurex 2022

Deutsche Börse AG (DBAG), Clearstream Banking AG (Clearstream), Eurex Frankfurt AG, Eurex Clearing AG (Eurex Clearing) and Eurex Repo GmbH (Eurex Repo) are corporate entities and are registered under German law. Eurex Global Derivatives AG is a corporate entity and is registered under Swiss law. Clearstream Banking S.A. is a corporate entity and is registered under Luxembourg law. Deutsche Boerse Asia Holding Pte. Ltd., Eurex Clearing Asia Pte. Ltd. and Eurex Exchange Asia Pte. Ltd are corporate entities and are registered under Singapore law. Eurex Frankfurt AG (Eurex) is the administrating and operating institution of Eurex Deutschland. Eurex Deutschland is in the following referred to as the "Eurex Exchange".

All intellectual property, proprietary and other rights and interests in this publication and the subject matter hereof (other than certain trademarks and service marks listed below) are owned by DBAG and its affiliates and subsidiaries including, without limitation, all patent, registered design, copyright, trademark and service mark rights. While reasonable care has been taken in the preparation of this publication to provide details that are accurate and not misleading at the time of publication DBAG, Clearstream, Eurex, Eurex Clearing, Eurex Repo as well as the Eurex Exchange and their respective servants and agents (a) do not make any representations or warranties regarding the information contained herein, whether express or implied, including without limitation any implied warranty of merchantability or fitness for a particular purpose or any warranty with respect to the accuracy, correctness, quality, completeness or timeliness of such information, and (b) shall not be responsible or liable for any third party's use of any information contained herein under any circumstances, including, without limitation, in connection with actual trading or otherwise or for any errors or omissions contained in this publication.

This publication is published for information purposes only and shall not constitute investment advice respectively does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any other transaction. This publication is not intended for solicitation purposes but only for use as general information. All descriptions, examples and calculations contained in this publication are for illustrative purposes only.

Eurex and Eurex Clearing offer services directly to members of the Eurex Exchange respectively to clearing members of Eurex Clearing. Those who desire to trade any products available on the Eurex market or who desire to offer and sell any such products to others or who desire to possess a clearing license of Eurex Clearing in order to participate in the clearing process provided by Eurex Clearing, should consider legal and regulatory requirements of those jurisdictions relevant to them, as well as the risks associated with such products, before doing so.

Only Eurex derivatives that are CFTC-approved may be traded via direct access in the United States or by United States persons. A complete, up-to-date list of Eurex derivatives that are CFTC-approved is available at: <http://www.eurexchange.com/exchange-en/products/eurex-derivatives-us>. In addition, Eurex representatives and participants may familiarise U.S. Qualified Institutional Buyers (QIBs) and broker-dealers with certain eligible Eurex equity options and equity index options pursuant to the terms of the SEC's July 1, 2013 Class No-Action Relief. A complete, up-to-date list of Eurex options that are eligible under the SEC Class No-Action Relief is available at: <http://www.eurexchange.com/exchange-en/products/eurex-derivatives-us/eurex-options-in-the-us-for-eligible-customers...> Lastly, U.S. QIBs and broker-dealers trading on behalf of QIBs may trade certain single-security futures and narrow-based security index futures subject to terms and conditions of the SEC's Exchange Act Release No. 60,194 (June 30, 2009), 74 Fed. Reg. 32,200 (July 7, 2009) and the CFTC's Division of Clearing and Intermediary Oversight Advisory Concerning the Offer and Sale of Foreign Security Futures Products to Customers Located in the United States (June 8, 2010).

Trademarks and Service Marks

Buxl[®], DAX[®], DivDAX[®], eb.rexx[®], Eurex[®], Eurex Repo[®], Eurex Strategy WizardSM, Euro GC Pooling[®], FDAX[®], FWB[®], GC Pooling[®], GCPI[®], MDAX[®], ODAX[®], SDAX[®], TecDAX[®], USD GC Pooling[®], VDAX[®], VDAX-NEW[®] and Xetra[®] are registered trademarks of DBAG. All MSCI indexes are service marks and the exclusive property of MSCI Barra. ATX[®], ATX[®] five, CECE[®] and RDX[®] are registered trademarks of Vienna Stock Exchange AG. IPD[®] UK Quarterly Indexes are registered trademarks of Investment Property Databank Ltd. IPD and have been licensed for the use by Eurex for derivatives. SLI[®], SMI[®] and SMIM[®] are registered trademarks of SIX Swiss Exchange AG. The STOXX[®] indexes, the data included therein and the trademarks used in the index names are the intellectual property of STOXX Limited and/or its licensors Eurex derivatives based on the STOXX[®] indexes are in no way sponsored, endorsed, sold or promoted by STOXX and its licensors and neither STOXX nor its licensors shall have any liability with respect thereto. Bloomberg Commodity IndexSM and any related sub-indexes are service marks of Bloomberg L.P. PCS[®] and Property Claim Services[®] are registered trademarks of ISO Services, Inc. Korea Exchange, KRX, KOSPI and KOSPI 200 are registered trademarks of Korea Exchange Inc. BSE and SENSEX are trademarks/service marks of Bombay Stock Exchange (BSE) and all rights accruing from the same, statutory or otherwise, wholly vest with BSE. Any violation of the above would constitute an offence under the laws of India and international treaties governing the same. The names of other companies and third party products may be trademarks or service marks of their respective owners.

Eurex Deutschland qualifies as manufacturer of packaged retail and insurance-based investment products (PRIIPs) under Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation), and provides key information documents (KIDs) covering PRIIPs traded on Eurex Deutschland on its website under the following link: <http://www.eurexchange.com/exchange-en/resources/regulations/eu-regulations/priips-kids>.

In addition, according to Art. 14(1) PRIIPs Regulation the person advising on, or selling, a PRIIP shall provide the KID to retail investors free of charge.

Content

1. Q&A 1 st Focus Call.....	4
2. Q&A 2 nd Focus Call.....	7
3. Q&A 3 rd Focus Call.....	15
3.1 Prepared Q&As.....	17
3.2 Live Q&As.....	18
4. Q&A 4 th Focus Call.....	23

1. Q&A 1st Focus Call

1. What is the difference between Contract key and Contract ID? More importantly, why do we need them?

Contract ID is a numerical ID that define a uniquely contract as well, but not defined by Eurex as a key fields. The following fields are defined as key fields: ProdlId, Contract Date, Strike, Version No, Call/Put indicator, Settlement method, Exercise style, and Contract Type.

2. Will Eurex offer sub-monthly contracts for any day of the month? How are they different than flex options?

The sub-monthly contract follows the rules for a standard contract creation based on product settings. Specially, settlement method and exercise style remain the same for all standard contract within a product. Here flexible contracts can differ from a standard contract. Not all products offer flexible contracts for trading.

3. Will there be daily and weekly contracts in Derivative futures as well (e.g. FDAX Jun contract=FDAXM1)?

There are no plans to introduce additional monthly or weekly maturities for the benchmark future. Possible monthly or weekly maturities would only be considered based on market demand.

4. Considering that the newly introduced Contract Date field will denote the Last Trading Date irrespective of whether it is daily/weekly/ monthly contract, how is this new field different from the existing Last Trade Date field.

Last trading day equals the contract date.

5. When are the contracts date and the expiration date used?

The contract date is used as a key field to identify a uniquely contract, whereas the expiration date is a non-key. Both fields exist in parallel. Dates can be identical for both fields but can differ for some contracts. Examples are STIR futures (SARON) and some MSCI futures.

6. Based on the provided information, the ContractKey should be the primary identification of the traded instrument. ContractKey should be used to integrate between trading and clearing when the new identification will be in production (new daily instruments available on trading side). What is the identifier suggested / proposed to be used that will match trading and clearing?

One can either use the functional key fields which are ProdId, Contract Date, Strike, Version No, Call/Put indicator, Settlement method, Exercise style and Contract Type or make use of the numerical non-key field Contract Id.

7. Will the daily, weekly, and monthly derivative future contracts have varying tick sizes?

No, tick sizes will not change for the existing contracts. Additionally, there will not be such a thing as multiple tick sizes for one contract.

8. Are fixed income futures also affected by this change?

Fixed future income will also be mandatorily identified with YYYY-MM-DD contract information as of the end of March 2022.

9. Will KOSPI futures (which are already daily instruments) be impacted?

KOSPI has a different mechanism, the products don't have daily expiries but rather daily delivery cycles. There won't be a change in KOSPI products.

10. Will Fixed Income Futures get new maturities as well?

New expiries for futures FI are not in scope.

11. Are there any plans for daily OESX options?

Currently, there are no plans for daily OESX options or daily options in general.

12. Will new partitions (partition specific gateways) for new instruments be introduced?

Each derivative product must be assigned to a partition, and all instruments belonging to that product are assigned to the same partition. Currently, it is not planned to introduce new partitions.

2. Q&A 2nd Focus Call

- 1 For a FDAX June which was last traded in May, what is the new RDI field to get the June information? MaturityMonthYear of MaturityDate or ContractDate?

It is ContractDate. The RDI specs stipulate that the actual expiration day provided in MaturityDate may be in a different month.

- 2 Will the integration of the weekly options into the main product be done for all products at once? Or will there be a few "test products" where the integration will be done first?

At present, there is no final plan for how to perform the transition from contracts of a weekly product to weekly contracts integrated to the corresponding main option product (which currently contains all third Friday expirations).

- 3 What changes will be introduced to the C7 GUI?

The C7 GUI will have new filters and new fields in the response e.g. contract date, contract frequency, contract mnemonic (as a contract symbol). Additionally, the formats of the GUI upload/ downloads will change, however for monthly contracts it is sufficient to provide YYYY/MM contract information. For sub-monthly contract YYYY/MM/DD information is required.

- 4 Is there a document to define the contract date?

Please use the Eurex T7 Market & Ref Data manual:

https://www.eurex.com/resource/blob/2762310/6925b378fdef8e0de77e5d94cf62da9/data/T7_EMDI_MDI_RDI_Manual_v.10.0.0-1-.pdf

However, the contract date is the date information characterizing a contract. Usually, as a general rule, the contract date is identical to the expiration date but there are some use cases where it does make sense to choose a contract date different from the expiration date.

- 5 To test the Next Gen changes, we require new products in T7. When will these be made available?

Next Gen products will be available in simulation end of Jan 2022.

- 6 Can you say something about how external vendor identifiers, in particular RICs, are handled for this new contract identification mechanism?

Eurex is in regular discussion with data vendors which are preparing their implementation concept (incl. potential impacts to RIC / Bloomberg codes). Please get in contact with your data vendor for additional information.

- 7 The RDI specs stipulate for MaturityMonthYear that the actual expiration day provided in MaturityDate may be in a different month. What does it mean?

For Bund Options, the maturity date is different from Maturity Month Year. This is a very specific feature of Bund Options to indicate the expiration of the underlying future (via MaturityMonthYear) while MaturityDate is referring to the expiration date of the option contract.

- 8 Any reason for introducing the new field Contract Date instead of using the Expiration Date field?

Contract date as a date information is characterizing a contract. It is separated from the expiration date to support a more flexible contract handling approach. Besides a few exceptions, the Contract date is identical to the Expiration date. MSCI futures might be regarded as an exception of this general rule. Quarterly expiring MSCI futures have an expiration date one business day later than the 3rd Friday to consider the late final settlement price information from US markets. Therefore, the contract date of a quarterly expiring MSCI future is a 3rd Friday but the expiration date is - usually - the following Monday. Thus, for MSCI future rule, the contract date differs by one business day from the expiration day. With the launch T7 10.0, this will apply for any quarterly expiring MSCI future contract and any flexible MSCI future contract, and it will also apply to any daily expiring MSCI future contract once they are available.

- 9 Is there already a technical specification document showing the new TE files layout?

You can find example of TE files at the following link: <https://www.eurex.com/ec-en/support/initiatives/project-readiness/Project-Readiness-2445548?frag=2562820>

- 10 How will flex products be handled?

Flex contracts are handled as today; flexible product ID will remain in place in clearing

- 11 Is "Contract type" required when switching from the current to final logic?

Eurex uses the Contract type field to identify a contract uniquely. Since the functional contract key used for contract identification in the clearing layer applies to all standard and flexible contracts, the contract type is included to the functional contract key to distinguish between standard and flexible contracts.

- 12 What is the difference between Last trade date and Contract date, when last trade date is not equal to contract date and why?

Last trading date and contract date are two different contract attributes and, consequently, they can differ from each other. As an example, for short term interest futures like 3-month €STR future (FST3), contract date is describing the start date of the accrual interest rate period and the last trading date and the expiration date is at the end of the accrual interest period. However, in most cases, contract date is identical to last trading date.

- 13 Can you elaborate on what exactly will happen to existing contracts on the day of Step 1 & Step 2, respectively? Will an existing contract for e.g. have no 'contract date' the day before the change but will have a 'contract date' just the day after the change across all systems of Eurex?

As a mandatory field, contract date is always filled. The contract month/year attribute (tag 32340) is only filled in case of monthly expiring contracts (usually, contracts expiring on the 3rd Friday) and left empty in case of a sub monthly expiring contract. This is a general rule independent from any migration step (1), (2) or (3). During Step (2), sub-monthly contracts will be activated, and any sub-monthly expiring contract will not have a contract month/year (i.e. tag 32340 not filled).
actually would leave this answer as it stands as there is no reference made to te steps per se

- 14 Regarding "OESX Nov21-1Fr 3800 C" instead of "OES1 Nov21 3800 C". Will we have separated order books and execution within the migration period as the instruments are duplicated?

Two alternative introduction approaches are possible: (a) Integrated weekly expiring options contracts in the main option product are listed in parallel to the options contracts of the weekly options products (dual listing approach), or (b) Integrated weekly options are only created in the main option product after the expiration of the preceding option contract in the corresponding weekly option product is performed and the creation of the corresponding new contract in the same weekly option product is suppressed (sequential listing approach). It is currently not finally decided which listing approach will be taken. In any case, there will be dedicated orderbooks for the contracts of the weekly option products (e.g. OES1 Nov21 3800 C) and for the integrated weekly contracts of the main product (e.g. OESX Nov21-1Fr 3800 C).

Addendum: Meanwhile it was decided to go for the sequential listing approach. Hence option b applies.

- 15 At Eurex, does one expiry date have multiple Contract dates?

There is currently no such use case in the financial derivative market of Eurex. At Eurex, currently, there is always a unique one-to-one correspondence between contract date and expiration date. (However, in the power derivative market of EEX, one expiry date can have multiple contract dates.)

- 16 It's clear that the weekly Products will be integrated into the main Product with the same underlying. However, for Equity Derivatives there are often both American and European Options that now have different Product codes.

For example, if you take Adidas:

- ADS American Option
- ADS1, ADS2, ADS4, ADS5 Weekly American Option
- ADSE European Option

The Weekly Product Code ADS1, ADS2, ADS4, ADS5 will be integrated into ADS.

Is the ADSE still available as an Adidas European Product separated by ADS American Option?

Since weekly products have American exercise style, the main option product used for the integration of weekly expiring contracts is always of American exercise style. ADS and ADSE will remain as separate products. Eurex will not mix exercise style and/or settlement method for standard contract within the same product ID.

- 17 Will it be possible to have the example ODAX (p. 21) with both standard and flex contract having strike price 3200, European style and CALL, so the only difference would be "contract type"?

Since the functional key contains settlement method and exercise style, usually, standard and flexible contracts will differ even without knowing contract type. The flex-to-standard conversion applied by Eurex in the clearing area does ensure that a newly created standard contract identical to an already existing flexible contract will replace the flexible contract, i.e. potential open position will be taken over by the standard contract and the flexible contract will be inactivated.

- 18 Are we expecting any technical changes in connectivity e.g. addition of new multicast groups / ports to disseminate data etc.?

No technical changes (connectivity) are required for this project

- 19 Do we have to care about energy market with regards to NextGen?

Yes, EEX is also impacted by these changes. You can contact your key account manager regarding EEC/ECC.

20 If I have got it right, expiration date will not be enough to uniquely identify an instrument. To identify an instrument uniquely (using logic data), which are all the fields that need to be considered?

Looking at the slides it looks to me these are the logic fields that will identify uniquely an instrument:

- ProdID
- Contract Date
- Strike Price (option only)
- Version No (option only)
- Call/Put Indicator (option only)
- Settlement Method
- Exercise Style (option only)
- Contract Type

Is that correct?

Yes, the fields mentioned in the question are the attributes defining the functional key for contract identification. The usage of the contract date is essential for a general and unique contract identification approach. Although there is a unique one-to-one correspondence of contract versus expiration date in the financial derivative markets of Eurex, this unique one-to-one corresponding is not valid in the power derivative markets of EEX/ECC. Since the Next Gen concept currently introduced for Eurex will also be applied to EEX / ECC at some point in time after the completion of the Next Gen project, the contract date is used in the functional key.

21. With the new identification system of contracts, does the unique identification via contract ID remain valid?

Yes, the already existing T7 instrument ID (RDI/RDF: SecurityID, tag 48) used for contract identification on the T7 trading platform is still valid. However, this numerical ID is only known in the T7 trading layer. The contract ID (in RDI/RDF: securityAltID (tag 455) and securityAltIDSource (tag 456)=M) can be used for a unique contract identification across the entire Eurex value chain comprising trading (T7), clearing (C7) and risk management (Prisma).

22. Will ISIN codes be available for all submonthly contracts?

Yes, each sub-monthly expiring contract will have an individual ISIN like any other monthly expiring contract.

23. "Contract type" required for identification?

Contract type is a mandatory field in the functional key used for contract identification in the clearing layer. Usually, the flex-to-standard conversion in the clearing layer is preventing the simultaneous availability of standard and flexible contracts having the same functional attributes.

24. Is there any intention to allow contract identification in the FIXML by providing the instrument ISIN? If not, why not?

Not intended. The ISIN is not used in C7 as identification (ISIN instrument has never been present in the FIXML messages).

25. The addition of Day DD will also be introduced for Futures - does this mean that e.g. Bund Futures will now be available as daily contracts using product ID FGBl? and not only quarterly

Eurex is not planning to introduce daily expiring Bund futures. Bund futures contracts will still be created by a quarterly expiration cycle.

26. Will the report changes already influence the reports / report formats from June 2022 onwards,

Yes, in the clearing area, with the (technical) launch end of Jun 2022 (Dec 06, 2021 in simulation), reports, FIXML interface, TE files and C7 GUI will reflect the new layouts.

27. Will ContractDate replace MaturityMonthYear [200] or MaturityDate [541] in the RDI feed? Can the ContractDate be used as soon as T7 10.0 is in production or do clients need to wait for June 2022

Basically, yes, ContractDate (tag 30866) is replacing MaturityMonthYear or MaturityDate. ContractDate will be supported with T7 10.0 and can be used from Nov 22, 2021 onwards.

28. Would it be possible to roll SX5E options from week 1 expiry to week 3? For example, currently it would be similar to rolling OES1 into OESX, which is not possible.

Yes, that is one essential aspect to support rolling of positions in one transaction from e.g. week 1 to any other week including week 3 by using an appropriate corresponding standard options strategy (e.g. call/put time spreads BLT/BRT).

29. Right now, the quarterly expiries have their dedicated ISIN. Will this hold true for each daily expiration?

Yes, each contract regardless whether expiring on a monthly or sub-monthly basis will have its own ISIN, contractID and contract mnemonic.

30. When can we see OES1 to OESX (weekly) in the RDI in simulation? From the timeline, it appears not until Dec21, after T7 10.0 go live in production?

In the simulation environment, a full scope Next Gen simulation including sub-monthly expiring contracts is planned starting end of Jan 2022. Until now, the exact date when specific weekly options products will be converted into integrated weekly contracts summarized by the main product is not specified but assumed to be in Feb 2022.

31. Regarding ETD changes in the instrument Snapshot message: Can you tell if ContractDate (30866) field = MaturityDate field (541)?

ContractDate (30866) is a contract reference attribute independent from MaturityDate (541). Apart from specific cases, ContractDate is identical to MaturityDate. Exceptions are a) STIRs futures: FST3 (€STR Future) and FSO3 (Saron Future), and b) all MSCI Futures.

32. In the Instrument Snapshot message, Eurex has added 2 enum in field SecurityAltIDSource_456 (101 & 102).

SecurityAltIDSource_456 = 101 is duplicate to DisplayName (tag 28791). Therefore, SecurityAltIDSource_456 = 101 will be removed and the attribute DisplayName (tag 28791) will be retained. This will be corrected with the next update of the RDI Manual.

33. Will the NextGen logic be applied to all instruments?

It applies to all simple instruments (and does not apply to multi-leg instruments).

34. Can you tell me if in the Eurex simulation data feed, we will receive instrument data with this new nomenclature?

The new fields that will be distributed via RDI/RDF will be populated with 'current' generation product info in Eurex simulation (see: section 2.3.1 - T7 10.0 Release Notes). The fields will also be populated with 'current' generation product info once T7 10.0 goes live in production on 22 November 2021. However, the fields will only be useful once the Next Gen project goes live with T7 10.1 in June 2022.

35. Is there any scope for option strategies across products in the new T7, i.e. DAX vs SX5E options in a single strategy product? If not now, does the new architecture make this possible at some stage in the future?

With the Next Gen project, Eurex is focusing to summarize contracts from different products having the same underlying. Currently, there are no plans to summarize contracts from different products with different underlyings.

36. When switching from current contract key to final Nov-22-key in June 22, there's no need for using "contract type" (standard/flex), correct?

Functional contract key is used in the clearing layer, and the switch from the old to the new layout of the functional contract key is planned to take place on 6 Dec 2021 in Simulation and 27 Jun 2022 in Production. The functional contract key uses the contract type to distinguish between standard and flexible contracts (note that for all standard contracts belonging to the same product ID, the exercise style and the settlement type is the same but they can be different in case of flexible contracts). Since the date information was already supported for flexible contracts, the changes of the functional contract key primarily apply to standard contracts.

37. ContractCycleSubType_31865: Can you advise what you mean by EndOfMonth? Is it the last day of the month the instrument will expire?

Correct, it is the last business day of the month the instrument will expire.

38. ContractFrequency_30867: this field overlaps with ContractCycleType_30865; what is the difference for an instrument having a ContractCycleType=Weekly and a ContractFrequency=Week?

ContractFrequency describes the expiration cycle at the point in time when the contract was created and remains unchanged during the contract lifetime. After a contract is newly created, its ContractCycleType is identical to the ContractFrequency but it can change during the contract lifetime. For example, the ContractCycleType of a quarterly expiring contract with a lifetime of two years will change to ContractCycleType "monthly" 3 months prior to its expiration provided the corresponding product also supports a monthly expiration cycle with 3-month lifetime. For integrated weekly options contracts, ContractFrequency=weekly and ContractCycleType=weekly is always identical during the lifetime since the creation of a weekly expiring contract coinciding with a monthly expiring contract is suppressed.

3. Q&A 3rd Focus Call

3.1. Prepared Q&As

3.1.1. Reference & Market Data

1. Which fields will be relevant in order to be able to identify contracts?

Contract identification is handled differently in the trading and clearing areas. In the trading area, contract identification is based on the numerical *T7 instrument ID* and is not affected by the Next Gen project. In the clearing area, contract identification is based on a functional contract key. In the future, the functional key contains expiration date or contract date complementing the additional key fields of the functional key:

Product symbol + Strike (options only) + Version number (options only) + Call / Put indicator (options only)

Maturity month/year is not sufficient any longer for identifying sub-monthly expiring contracts. Consequently, in the future, a functional contract key needs to contain full date information for unique contract identification. For efficiency reasons, it is highly recommended to use the contract date.

2. Are data vendors aware of and considering the NextGen changes? Are data vendors providing testing opportunities?

Data vendors are aware of the Eurex Next Gen project and they are planning to implement Next Gen changes independent from Eurex. Yes, data vendors are planning to provide testing opportunities and Eurex is supporting them.

Please get in contact with your data vendor in case you have specific questions.

3. What is the difference between contract date and expiration date? In what circumstances should they be used?

The contract date is the full date information recommended to be used for identifying a contract via a functional key. Basically, it is the main purpose of this field. In most cases, the contract date is identical to the expiration date (e.g. FGBL). But in certain cases, the contract date differs from the expiration date like for example MSCI futures or the short-term interest rate futures (€STR/SARON). When using a functional contract key, we recommend taking contract date instead of expiration date for contract identification.

4. Can the exercise style (for options only) and settlement method differ for standard contracts within the same product?

No, exercise style and settlement method remain fixed within one product. A differentiation in exercise style and settlement method will be done by introducing different product IDs (like today).

5. Will the flexible product ID be decommissioned with Next Gen?

No, flexible product IDs remain in place as today. And like today the flexible product IDs offer the possibility to distinguish between American vs European and Physical vs Cash contracts. The flexible product ID will be visible in the Clearing GUI, FIXML interface, Reports and TE files. Flex contracts should not be mixed up with standard contracts as sub-monthly contracts are part of the standard contracts.

6. Is the YYYYMM identification available for Sub-Monthly contracts?

No, Sub-Monthly contracts mandatorily require YYYYMMDD contract information in inbound FIXML messages as well as in GUI uploads in case the functional key is used. Also, T7 does not provide YYYYMM identification for sub-monthly contracts.

7. How are GUI front ends affected by the Next Gen project? What do front end providers need to consider?

The GUI display of sub-monthly expiring contracts requires an amended display of contract information on the trading and clearing GUIs.

- Contract display of the C7 Clearing GUI will be based on the contract mnemonic containing contract date and will be applied to all contracts.
- Contract display of the T7 Trading GUI for monthly expiring contracts will be retained and for sub-monthly contracts enhanced.

In addition, Eurex is introducing new contract display reference data fields via the reference data interface (T7 RDI/RDF) supporting front-end providers in adapting their service offerings. The new reference data field “contract display instruction” includes a recommendation for how to display a contract, while additional contract ref data fields provide detailed information that can be used for displaying contracts via GUI.

3.1.2. Introduction Approach

1. What products are not impacted by Next Gen?

From a technical point of view all products are affected by NextGen; meaning contract date and other newly introduced fields with NextGen apply to all products. Also, KRX products get these newly introduced fields. However, we will not change the logic for KRX weeklies as we are dependent on what KRX is doing and KRX is working with weekly products for the time being.

2. Will open positions in weekly contracts be converted into the main product ID upon inclusion of weeklies in the main product ID or will these positions be left to expire?

No position conversion is required from an Eurex point of view. The open position will expire within the weekly product.

3. Is the NextGen initiative impacting the ESU calculation?

The ESU scheme will be adapted to the products containing sub-monthly expiring contracts.

4. What pricing changes will NextGen bring? How will calendar spreads using sub-monthly expiring contracts as leg contracts be priced?

A new pricing scheme will be introduced for MSCI basis spreads which are defined as calendar spreads using a daily expiring contract as near-term leg and a quarterly expiring contract as long-term leg. This pricing scheme will be based on the new contract sub-type for calendar spreads in a similar way as it is already done for the contract sub-types of packs & bundles (red pack, white pack, ..., 2-yr bundle, 3-yr bundle, ...) of STIRs futures (e.g., FSR3).

3.2. Live Q&As

1. Reg. Integration of weekly options (sequential approach): OEB4 Jul 22 is going to be denoted as OESB Aug-W4Fr and OEB5 Jul 22 is changed to OESB Sep22 - W1Fr? It is not very clear of this change in representation, kindly clarify.

During the sequential integration approach, the objective is to build up a complete series of weekly expiring options in the main product which do not overlap with monthly expiring options in the corresponding weekly options product. Therefore, starting with the 4th Friday expiration in July, the creation of the following monthly contracts needs to be suppressed in the weekly options product: (a) 4th Fri in Aug22 triggered by expiration of 4th Fri in Jul22 of OEB4, (b) 5th Fri in Sep22 triggered by expiration of 5th Fri in Jul22 of OEB5, (c) 1st Fri in Sep22 triggered by expiration of 1st Fri in Aug22 of OEB1, and (d) 2nd Fri in Sep22 triggered by expiration of 2nd Fri in Aug22 of OEB2. Simultaneously, the following weekly options are created to build up a complete series at the same point in time. (a) OESB Aug22-W4Fr triggered by expiration of 4th Fri in Jul22 of OEB4, (b) OESB Sep22-W1Fr triggered by expiration of 5th Fri in Jul22 of OEB5 because these are the next integrated weekly expiring options contracts in OESB, (c) OESB Sep22-W2Fr triggered by expiration of the 1st Fri in Aug22, (d) OESX Sep22-W4Fr triggered by the expiring of the 2nd Fri in Aug22 in OEB2. Now, a complete series of integrated weekly expiring options was created without overlapping with monthly contracts of weekly options products. The weekly creation cycle in OESB can now start, and there are no active monthly contracts in any weekly options products OEB1/2/4/5.

2. When are we expecting to have full-scope simulation for T7 reports?

Next Gen project does not have any impact on T7 reports since all T7 reports are already compliant with sub-monthly expiring contracts, i.e. contracts are identified in T7 reports with contract mnemonics (alias SecurityDesc, tag 107) which already contain the contract date (and no MaturityMonthYear, tag 200 or ContractMonthYear, tag 32340).

3. As there will be calendar spreads with weekly and daily contracts as the legs, can you tell if they will be mixed, i.e. can we have one leg a weekly contract and one leg a daily contract, etc.?

Theoretically, this could happen, and should create no issue provided the numerical T7 instrument ID is used. However, currently, there are no plans to support calendar spreads with weekly and daily expiring leg instruments in one calendar spread since futures will be exclusively equipped with daily expiring contracts.

4. Does this project have any impact on NCMs that are purely trading Fixed Income products?

Yes, even Fixed Income products that do not have sub monthly expiring contracts are technically impacted. All products will require the use of the new contract identification format.

5. Where can the complete product list, incl. each single product, where ContractDate will differ to the Expiration Date, found?

Listed Eurex products for which contract date is different to expiration date are all MSCI futures & options products and the short-term interest rates futures products (SARON with product symbol FSR3 and €STR with product symbol FST3).

6. If we use the expiration date to uniquely identify contracts, is there a risk that the same expiration date will be available twice for the same product?

With the current product scope offered by Eurex, the expiration date could be sufficient. However, we do recommend the use the contract date instead as for Eurex we cannot guarantee on the long run that this will not change. As soon as EEX plans to launch their initiatives it will be possible that that the same expiration date will be available within the same product.

7. We only trade Eurex markets via third party ISVs (CQG, TT, Fidessa). Will we be required to replace all our Eurex Trader ID's, or source additional Trader ID's to facilitate these new contracts?

It is not required to replace Eurex Trader ID's because of the Next Gen project. All sub-monthly expiring contracts can be handled with the already existing trader ID provided the corresponding trading member (business unit) is able to handle such contracts.

8. Is it possible to test Fixed Income Futures although Next Generation will not have a big impact on these Futures?

Fixed income futures are already offered for testing in the simulation environment, and it will also be possible to test them after Next Gen SW changes are introduced with T7 10.1 / C7 8.1 in June 27, 2022. Please be aware that the technical changes introduced on the clearing side by C7 8.1 with the go live on 27th of June applies to all contracts.

9. You mentioned Bund weeklies to be migrated to OGBL in summer, will they be part of simulation migration too?

Eurex has announced to activate sub-monthly expiring contracts in the simulation environment in two different activation waves; the first one in Feb 2022 and the second one in May 2022. Currently, both activation waves do not cover the integration of weekly bund options. We are checking whether we can provide integrated bund options in the simulation environment.

10. During migration when should clearing members be ready to support CCP report changes (format changes), end of June?

Report changes will be applied with go live date on 27 June 2022 and the changes apply to both Eurex/ECAG as well as EEX/ECC.

11. What would be the impact of these new maturity sets for sub monthly contract on the existing Monthly contract. Do we expect any regression on existing Monthly contract, apart from Market Data sourcing?

Eurex does not expect any regression on existing monthly expiring contracts. Sub-monthly expiring contracts are expected to complement the set of already existing monthly expiring contracts allowing new trading strategies (e.g. position rolling between weekly and monthly expirations via standard options strategies in one transaction).

12. Is the contract date identical to the last trading date?

No, not per definition. For several products the contract date is identical to the last trading date. But for several products there is a difference, like for example MSCI futures or the short-term interest rate futures (Esther & SARON).

13. Are there plans to include also Fixed Income Futures e.g. FGBL in the Simulation?

Fixed income futures (e.g. FGBL) are already available in the simulation environment, and there are no plans to introduce sub-monthly expiring contracts for fixed income futures.

14. Will the contract date match the expiry date of the contracts? We saw on the energy exchange that it was product specific and some contracts would expire in the month that followed the contract date.

With the availability of the fields "contract date" and "maturity date" in the derivative energy markets, EEX / ECC will be able to introduce derivative products containing weekly or daily expiration & creation cycles. However, EEX / ECC derivative products are not covered by the Eurex Next Gen project but will be considered by EEX / ECC at a later point in time.

15. Are front end systems such as Murex aware of these major changes?

Eurex is in contact with the vendors that are used by our Eurex clients. However, we urge all our Members to reach out to their vendors to ensure they are aware of and coping with the changes being introduced by Next Gen.

16. When you create a daily expiry contract on the day of trading, when will it be available in the market data?

As for any regularly created ETD contracts, reference data of daily expiring contracts will be provided in the Eurex reference data API in the morning prior to the start of the trading session.

17. Does the new contract identification approach apply to only sub monthly contracts relevant to the business initiatives or does it also apply to monthly contracts?

Eurex is enhancing the contract identification approach in the clearing layer by extending the functional key for contract identification from MMYYYY to DDMMYYYY. After a transition period, this enhancement will apply to all contracts regardless whether a contract is expiring on a monthly or sub-monthly base.

18. Over ETI, we send out marketSegmentID and SecurityID to identify the product. Is there any other additional field that needs to be sent over ETI to identify them? Would the reference data files (in both sim and prod) have the correct marketsegmentID and securityID for these products already?

Yes, marketSegmentID and SecurityID are still valid in the trading area and are the only numerical instrument ID required for all electronical interfaces of the T7 Trading platform. The concept of the T7 instrument ID is not touched by the Next Gen project and applies to sub-monthly expiring contracts. To facilitate the handling of sub-monthly expiring contracts, additional reference data were introduced and can be retrieved in the usual way via the T7 reference data interface RDI / RDF.

19. Will the Next Gen impact also EEX products?

Yes, the technical changes which go live on the 27th of June 2022 apply to both Eurex/ECAG as well as EEX/ECC.

20. Will Eurex SIM be extended to 5 days for clearing to test expiring sub-month contracts?

Currently under investigation whether 4 to 5 batches in a row can be offered.

21. During simulation will we be able to compare Old vs New formats for the different products?

No, as for every new release the simulation environment reflects the new situation only and this also applies to NextGen.

22. How many contracts are currently in simulation? When can we start seeing quality test data?

As per the slides, a few contracts in simulation will be added in two waves, starting with sub monthly expiring contract on 9 February.

4.Q&A 4th Focus Call

- 1 Will the information about contract date be published in public areas, like e.g., on the website?

The contract date & further info will be available on our website & available with Go-live in Feb. Contract date will be available also via data distributed by data vendors. Vendors of course will continue to also provide maturity date.

- 2 Why are we introducing Non-Friday options as it increases amount of static data and potentially slows down EOD processes?

Non-Friday weekly options contract will supplement the Friday weekly options contracts provided as integrated weekly expiring contracts in the corresponding main options product. There will be only a few number of main options products supporting Monday and Wednesday weekly options contracts, and because of this, there will be only a small increase of static data which will not slow down any operational procedures.

- 3 Will there be any impact on trading limits? or any action needed regarding trading limits?

The only trading limits affected by the increased number of contracts per options product are the ESU "no market data update" limits which will be adapted to cause no negative impact.

- 4 Are there any corporate actions on weekly options that can be tested?

On Nov 08, 2022, a corporate action in ROG will be performed in the Simulation environment. Since ROG supports integrated weekly expiring contracts, the corporate action will also impact those contracts.

- 5 Will the existing weekly/monthly products with expiration April or later be adjusted automatically by EUREX? What happens with existing positions in these products?

After 2nd Friday in Feb 2023, old-style weekly contracts will expire and will not be replaced by old-style of the same contract cycle. Instead, contracts of new style will be created by a weekly contract lifecycle integrated to the main options product. Therefore, existing positions in old-style contracts will also vanish with the expiration.

6. Is it possible to roll from 5th week of Sep into 5th week in oct for example in an SSO?

Yes, the rolling contract lifecycle is based on a lifetime of - at least - 6 weeks. Consequently, it will be possible to roll positions within this 6 weeks by using standard options strategies.

7. Is the ODX2 Feb23, created before the Go live, will be migrated to the main option contract ODAX during the WE of Go live?

No, the ODX Feb23 will expire on Friday, Feb 10, 2022, and, consequently, will not be migrated to the main options product.

8. How are long-term flex options being treated, will they be allowed to expire, and new ones be created under a new standard format, or will there be conversion on them on the day of go live?

Flex options are not affected.

9. As client interests will be diluted across more expiries with the creation of weekly options, will Eurex consider modifying block trade minimum size limit to compensate and keep possibility to find opposite interest?

The number of expiries does not change with Next Gen, the same weekly expiries will be supported by an integrated concept. And the already existing minimum block trade size in weekly options products are identical to those in the corresponding main options product. Therefore, there is no need for changing the minimum block trade size in the Next Gen context.

10. Can one roll old style positions into the new style?

No, it is not possible as these are different products. In order to roll the position, two transactions are required, one for closing the position in the old-style product and one for opening the new position in the main options product.

11. How/where is EEX impacted by NextGen?

EEX is not impacted by Next Gen since for the time being (a) all EEX members can continue to use a functional key for contract identification based on month-year and (b) EEX will not introduce sub-monthly expiring contracts. However, EEX is planning to introduce the Next Gen concept in two or three years.