

# T7 Release 12.0

Derivatives Market

October 2023

# Agenda

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- 2 MiFID II / MiFIR Enhancements
- 3 New Crossing Procedure and Pre-Arranged Trade Entry
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- 8 Latency Enhancements
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# 1 Overview & Introduction

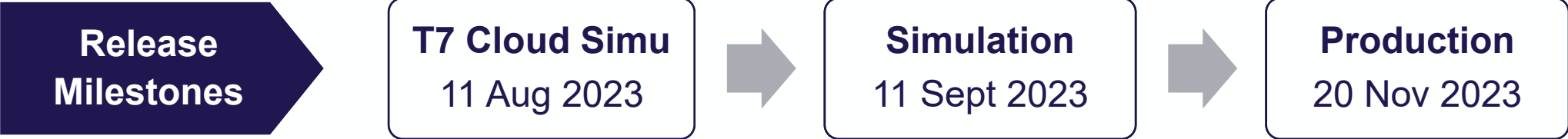
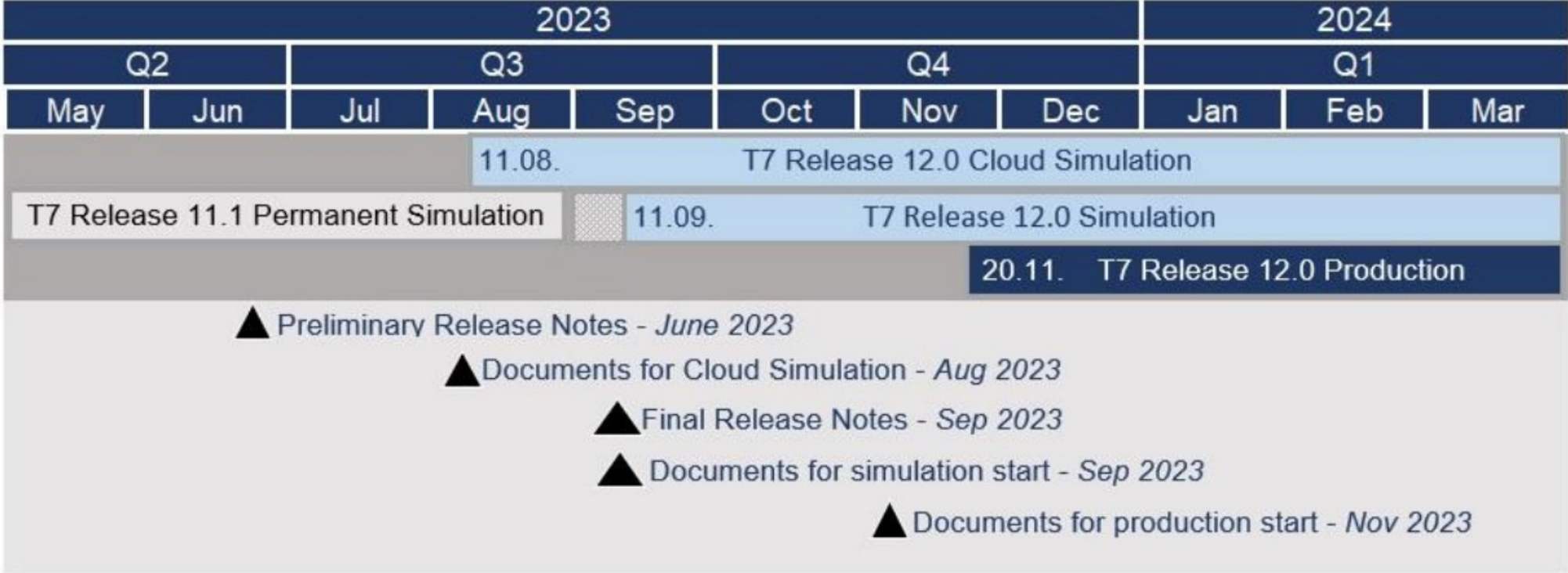
# Overview of Eurex T7 Release 12.0

<b>Main Features</b>	New Crossing Procedure & Pre-Arranged Trade Entry
	Transaction Size Limits enhancements
	Maximum Order Value check enhancements

<b>Reg. Feature</b>	MiFID II / MiFIR Enhancements
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<b>Backwards compatibility for trading interfaces</b>	<b>NO</b>
<b>Backwards compatibility for market and reference data interfaces</b>	<b>NO</b>

# Introduction Schedule



# Publication Schedule

T7 Release 12.0	Derivatives Markets	Cash Markets	Combined	Q2		Q3/ 2023		Q4/ 2023	
				Jun	Jul	Aug	Sep	Oct	Nov
Preliminary Release Notes	x	x		◆					
Enhanced Trading Interfaces Manual, incl. XSD, XML Representation and Layouts			x			◆	■		●
FIX LF Manual, incl. XSD, XML Representation and Layouts			x			◆	■		●
Market-, Enhanced Order Book- and Reference Data Interfaces Manual incl. XML Fast Templates & FIXML Schema Files			x			◆	■		●
Trader, Admin and Clearer GUI – User Manual	x	x				◆	■		●
Final Release Notes	x	x					◆		
Extended Market Data Services Manual & Underlying Ticker Data Manual incl. XML Fast Templates			x				◆		■
XML Report Reference Manual, Modification Notes & XML Schema files			x				◆		■
Functional Reference			x				◆		
Functional and Interface Overview			x				◆		
Trader, Admin and Clearer GUI – Installation Manual			x				◆		
Participant and User Maintenance Manual	x	x					◆		
Cross System Traceability			x				◆		
Incident Handling Guide			x				◆		
Participant Simulation Guide			x				◆		
T7 Known Limitations for Simulation			x				◆		
Cash Market Instrument Reference Data Guide		x							◆
Exchange Rules & Regulations		x							◆
Market Models		x							◆
T7 Known Limitations for Production			x						◆

- **Version 1**  
(identified by ◆) to be published in Aug 2023
- **Version 2 (optional)**  
(identified by ■) to be published in Sept 2023
- **Version 3 (optional)**  
(identified by ●) to be published in Nov 2023
- All documents available on [www.eurex.com](http://www.eurex.com) under: *Support > Initiatives & Releases > T7 Releases > T7 Release 12.0*

# 2 MiFID II / MiFIR Enhancements

# MiFID fields validation logic change in Order / Quote / TES / Eurex EnLight (1/2)

## T7 enhancements

### Introducing mandatory field flagging for MiFID II fields in all T7 interfaces and trader GUI

- For proprietary trading in general and for agent trading if applicable, for the identification of natural persons, a short code will be mandatory in the Execution Decision ID (qualifier set to human, i.e., natural person) and Investment Decision ID (qualifier set to human, i.e., natural person)
- Trader GUI introduces fields Execution Decision ID and qualifier
- TES Approval Process Extension will follow the same field logic. Trading participants need to check whether their existing auto approval rules adhere to the new field logic

### Exclusion of the numerical “0” in the three MiFID II short code / AlgoID fields

- The submission of a zero in the Execution Decision ID, Investment Decision ID, and Client ID will lead to a rejection of the entry, modification, or deletion request as “0” is not a permitted short code / Algo ID value

## Check list

- Short codes and Algo IDs must have a value equal to or greater than 1
- For proprietary trading it is not allowed to use the ClientID as free text field
- Short codes of the natural person primarily responsible for the Execution Decision and Investment Decision (if applicable) must be available for submission in the MiFID fields and registered with the trading venues. Esp. trader short code registrations to be checked
- TES auto approval rules to be checked



# MiFID Fields validation logic change in Order / Quote / TES / Enlight (2/2)

	Execution Decision ID		Investment Decision ID*		Client ID
Trading Capacity	Qualifier Algo / Human	Execution ID	Qualifier Algo / Human	Investment Decision ID	Client ID
AGENCY	mandatory	mandatory	optional	optional	mandatory
RISKLESS_PRINCIPAL	mandatory	mandatory	optional	optional	mandatory
RETAIL_AGENCY	mandatory	mandatory	optional	optional	mandatory
PROPRIETARY	mandatory	mandatory	mandatory	mandatory	empty
MARKET_MAKING	mandatory	mandatory	mandatory	mandatory	empty
ISSUER_LIQUIDITY_PROV	mandatory	mandatory	mandatory	mandatory	empty
RETAIL_LIQUIDITY_PROV	mandatory	mandatory	mandatory	mandatory	empty

*\*Investment decision ID and qualifier are optional in Agency, Retail-Agency and Riskless Principal trading capacity, if qualifier set then the field investment decision ID is mandatory*

Please find more information on MiFID flagging in our “*Factsheet: MiFID II / MiFIR Flagging Requirements - Execution decision, investment decision, client ID and DMA*” under

[eurex.com](http://eurex.com) > Rules & Regs > MiFID II and MiFIR > Client & member reference data

# Changes on Interfaces

## FIX LF

- Default settings will be removed as follows

## T7 Trader GUI

- T7 Trader GUI will automatically fill Execution Decision ID & Execution Qualifier (only if user sets default value in application preferences)
- When logging in, pop-up window will prompt user to set default value for Execution Decision ID (Execution Qualifier will be “Human” (default at login)) & can be changed to “Algo” manually at the time of transaction submission

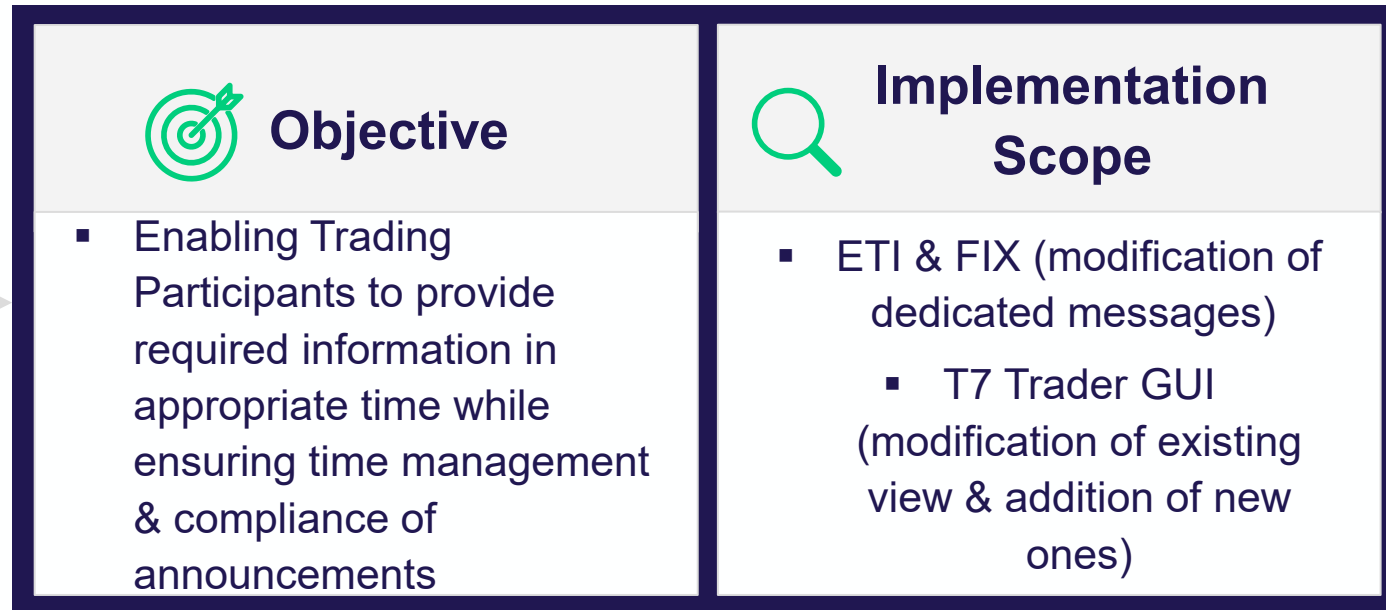
## Reports

- TR100 Order to Trade Ratio Report & TR102 Excessive System Usage Report will be enhanced by additional fields
- TR103 Eurex Daily OTR Parameter & TR104 Eurex Daily ESU Parameter will be correspondingly changed
- New reports TR106 Order to Trade Ratio Detailed Transaction Report & TR107 Excessive System Usage Detailed Transaction Report will be introduced
- Further details in dedicated Eurex Circular & Report Reference Manual

Information	Default setting removed with T7 12.0
Investment Qualifier	Human
Investment Qualifier	Human
Liquidity Provision Indicator	Non_liquidity_providing
Commodity Hedging	False

# 3 New Crossing Procedure and Pre-Arranged Trade Entry

# Overview



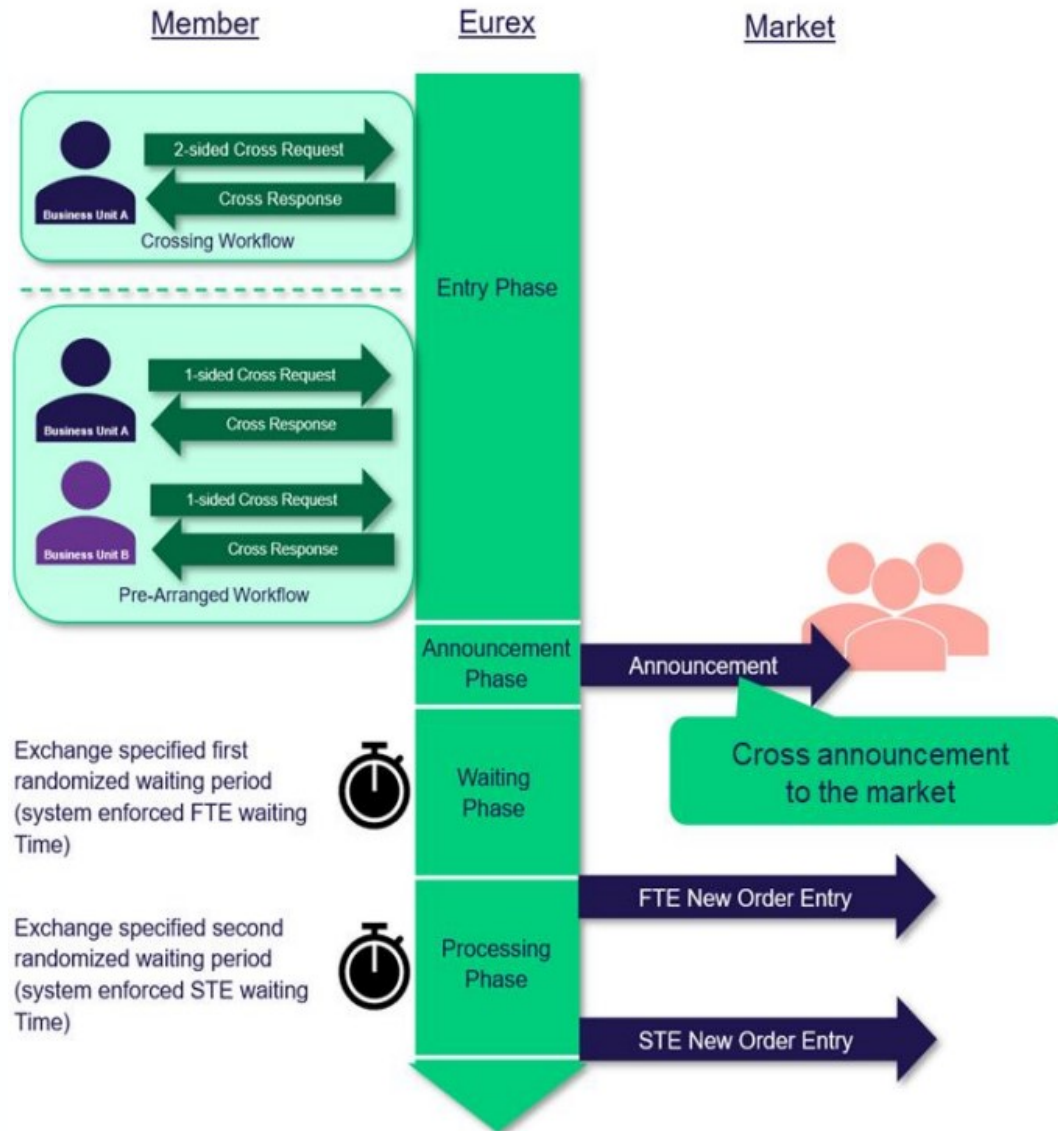
## Status Quo

- Bespoke orders that may be directly executed against each other must be entered in 3 steps into same order book

## Enhancement

- Streamlining announcement of cross or pre-arranged trades
- Respective order entry sequence is added into automated workflow

# High level description (1/2)



## Entry Phase

- **Cross Trade start:** Participant sends new **two-sided request** & both sides of Cross Trade will be entered at once
- **Pre-Arranged Trade:** Both counterparties send **opposing new one-sided Cross Requests**, that are linked in T7 with linkage ID
- Counterparties can determine which order can be entered first (“first to enter”, FTE), while second order (“second to enter”, STE) will be entered subsequently

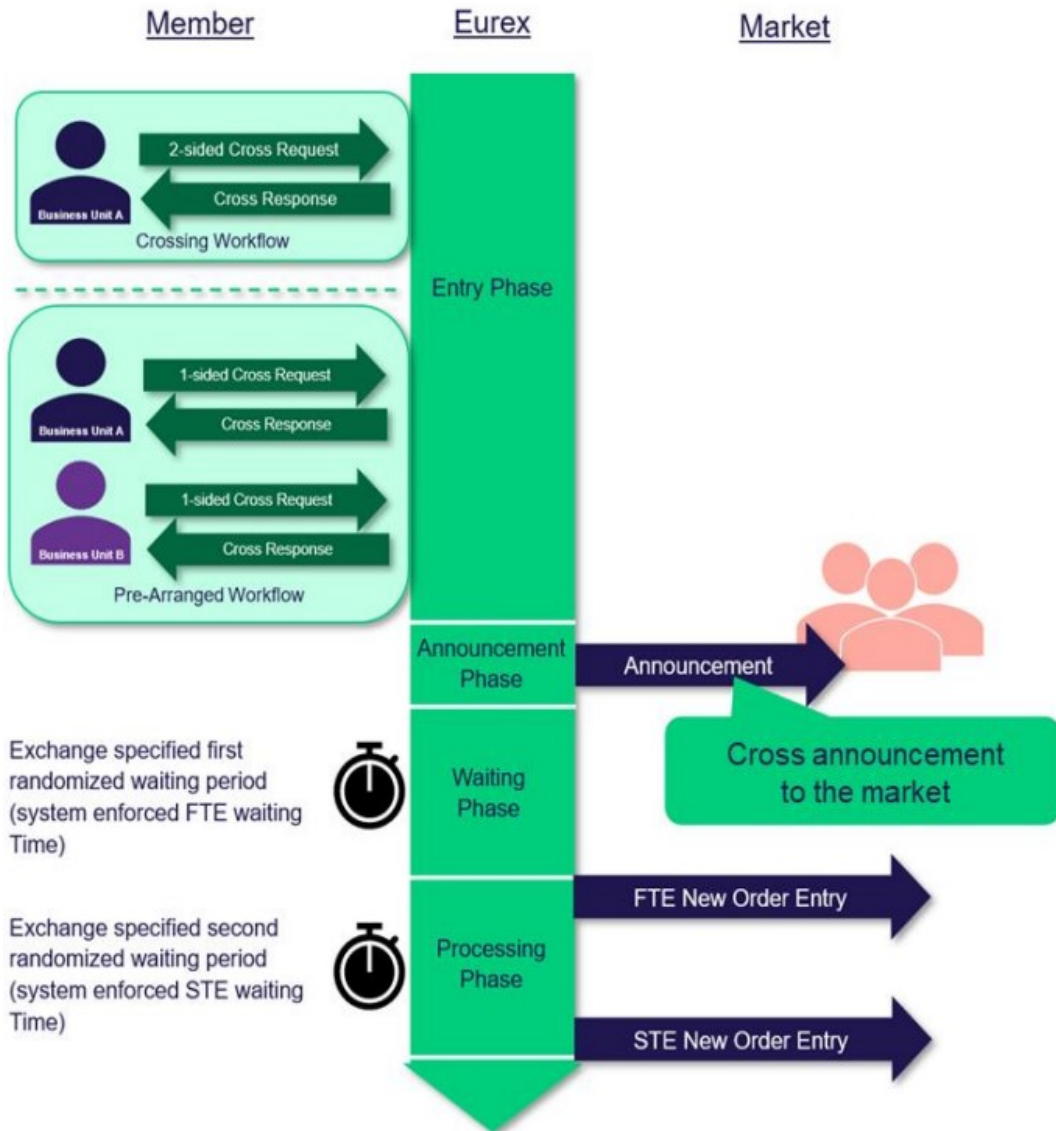
## Announcement Phase

- An announcement to the market about the impending **cross- or pre-arranged trade** once the request has been validated by T7

## Waiting Phase

- **Mandatory, randomized waiting period** to be defined in separate announcement

# High level description (2/2)



## Processing Phase

- **After first order** is entered, Processing Phase starts
- Eurex can specify **second waiting period** before STE order is entered into order book. In case no 2<sup>nd</sup> waiting period is specified, both orders will be directly entered one after another
- **Order Maintenance** is not possible
- FTE and STE are **interacting with order book** according rulebook & analogously to all other orders (no special treatment foreseen)

# T7 Trader GUI workflow (1/2)

Contract: FESX Jun14  
Type: Ratio: O/C: Act: TotQty: 100  
Limit: 3999 EUR  
Res: CR\_GFD  
ArrID: TrdIndId: Counterparty: CrossPrioritySide: BUY  
SkipMxVal:

Active	BUY	ClipTrdSideId	O/C	Act	Text1	Text2	Text3	RateID	InvQual	ExeID	ExeQual	ClientID
<input checked="" type="checkbox"/>	BUY		O	A1	0007	trade		W		11111	HUMAN	4567
<input checked="" type="checkbox"/>	SELL		O	A1	0008			W		11111	HUMAN	4567

Delete Own Orders QuoteR U/L CrossR Compact TopOfBook Calc TheoPrice Apply Submit To Eurex EnLight Reset

- New crossing procedure & pre-arranged trade entry will be available in T7 Trader GUI via *Order Entry* in *Add Cross Order*
- Via the field "CrossPrioritySide" (blue), the entering trader may choose which order should be entered as FTE and which as STE (In this example, the buy order is selected to be FTE.)
- Since both, buy & sell instructions are selected as "active" (green) in this example, the entering trader intends to conduct a cross where both orders are sent by the same trader. (both request sides are maintained & entered by same trader)

# T7 Trader GUI workflow (2/2)

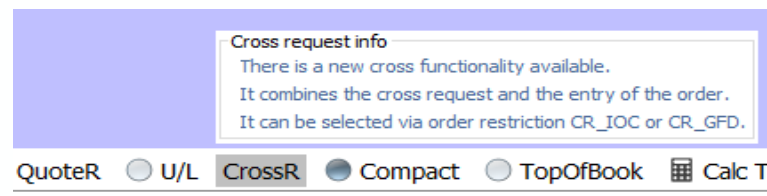
Contract: FDAX Dec13 Type: Ratio: O/C: Act: TotQty: 100 Limit: 5432 EUR Res: CR\_GFD ArrID: 123456 TrdIndId: Counterparty: TSTFRTRD001 CrossPrioritySide: BUY SkipMxVal:

Active:  BUY ClipTrdSideId: O/C: A3 Text1: CrossRequest Text2: Text3: RateID: G InvQual: ExeID: 11111 ExeQual: HUMAN ClientID: 1

Active:  SELL ClipTrdSideId: O/C: Act: Text1: Text2: Text3: RateID: InvQual: ExeID: ExeQual: ClientID:

Delete Own Orders QuoteR U/L CrossR Compact TopOfBook Calc TheoPrice Apply Submit To Eurex EnLight Reset

- In case **only one side is selected as active**, the functionality will prepare a **pre-arranged trade** which would additionally require that both counterparties enter the agreed linkage ID (**blue**) and the counterparty ID (**green**)
- Once respective entry parameters are finalized, trader(s) can submit their request and, if successful, T7 automatically processes announcement to the market & entry of orders according to specified parameters
- A mouse-over information box is provided on the cross request to advertise new functionality





# 4 Enhancements of Transaction Size Limits (TSL) regime

# Enhanced TSL handling will offer more flexibility

## Main Feature

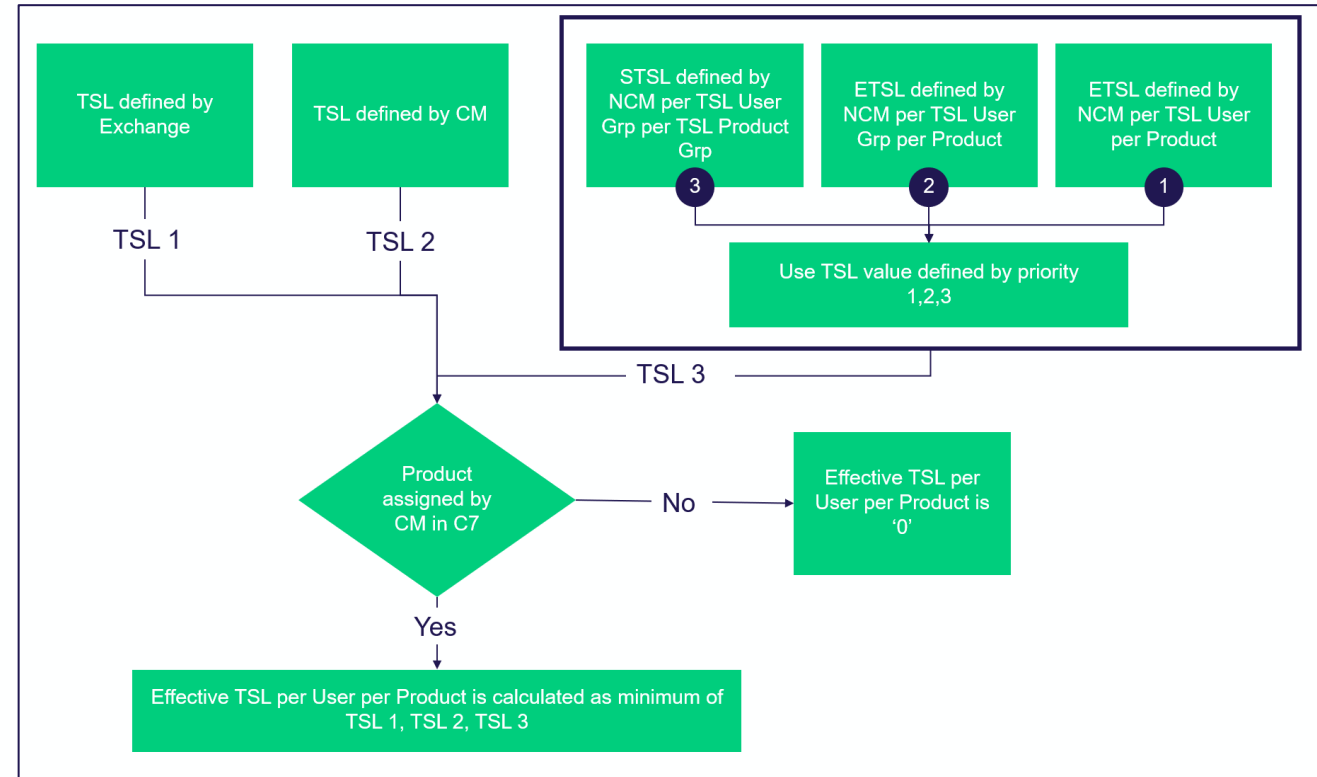
- Eurex will introduce possibility to **define Exception TSL (ETSLs) on TSL user group level and product combination** (additionally to existing ETSL definition for user and product)

## Workflow

- ETSLs on TSL user group level will add an **additional layer** to calculation of effective TSL
- In accordance with current practices, effective TSL will be calculated as **minimum of three limits** defined by exchange, CM and TP
- Each maintenance activity** (setup/modification/deletion) of ETSLs on TSL user group level will lead to **intraday update** of calculation of effective TSLs

## Inter-faces

- T7 Admin GUI : Modification of TSL Maintenance, incl. CSV upload functionality
- XML Reports : RD220 Trading Member Defined TSL Maintenance & RD225 Trading Member Defined TSL Status will be modified



# 5 Enhancements to Maximum Order Value Check

# Maximum Order Value validation to be enhanced

## Main Features

- Eurex will enhance its validation applied for maximum order value (MOV) for orders & quotes in order book trading
- Minimum of user limit & product limit will determine maximum allowed order value for a given order per user & product
- Currently, Eurex offers a maximum order value check on order / quote entry and modification for order book trading
- **Eurex will enhance the MOV check by introducing exchange specified limits** for each product that will **additionally** be considered in the MOV check
- The possibility to skip the MOV check will continue to be available via a flag (flag will only skip the TP's provided user limit component as applied today - not exchange limit)

# 6 Delta Neutral Total Return Futures trade entry (DeltaTAM)

# DeltaTAM to be offered to Trading Participants

## Motivation

- Trading Participants will be able to trade Index Total Return Futures (TRF) in conjunction with respective Price Index Futures on same Index simultaneously via new T7 Entry Service (TES) type
- Currently delta neutral trades are performed manually by trading both instruments separately

## Product Scope

- **TESX** (EURO STOXX® 50 Index Total Return Futures) vs **FESX** (Futures on EURO STOXX® 50 Index)
- **TESB** (EURO STOXX® Banks Index TRF) vs **FESB** (Futures on EURO STOXX® 50 Banks Index)
- **TEDV** (EURO STOXX® Sel. Div. 30 Index TRF) vs **FEDV** (Futures on EURO STOXX® 50 Sel. Div. 30 Index)
- **TTUK** (FTSE® 100 Index TRF) vs **FTUK** (Futures on FTSE® 100 Index)
- Trades will be setup as follows

***BUY DeltaTAM = Buy TRF + Sell Index Future***

***SELL DeltaTAM = Sell TRF + Buy Index Future***

## Impact on Interfaces

- ETI: Modification of some messages
- T7 Trader GUI: DeltaTAM trades will be reflected in dedicated views & the GUI will automatically calculate clearing price (ClrPrc field) once TRF spread entered
- XML Reports: TE545 Daily TES Maintenance & TE810 Daily Trade Confirmation will be modified

# 7 Buy Side Disclosure Client Identification via Legal Entity Identification (LEI)





# 8 Latency Enhancements

# Latency Enhancements



## Immediate Deletion of Quotes on Quote Inactivation

- Quotes can be deleted immediately together with quote inactivation request



## New EOB Information reg. remaining aggressive Quantity

- EOB Execution Summary will be enhanced by group of 3 fields with information reg. possibly remaining quantity in book



## DSCP bit now indicating whether executed Quantity > 1

- DSCP bit from EOB IP protocol header will now be used to indicate whether executed quantity was greater than 1



## No delay for Quote Activation if Session does not have any Quotes

- Quote Activation requests will not be delayed anymore, if session does not have any quotes.



## Five new generic ETI requests

- Five new ETI requests will be introduced which will allow to add/ modify/ delete orders for both & complex instruments

# 9 Further Changes and Enhancements

# Further Changes and Enhancements (1/3)



## Improved ARP message handling

- Eurex will enhance T7 Clearer GUI to better handle Advanced Risk Protection (ARP) messages:
  - News Board will offer separate view exclusively with ARP messages
  - ARP messages can be filtered per default
  - Alert pop-up /activated by default( can be deactivated



## Eurex EnLight: Late validation of minimum number of Respondents

- Validation will be done only when HitQuote request will be entered by requester (opposite to nowadays where validation for min nr of respondents is done immediately at opening of negotiation)



## No Max Price Deviation validation for Flexibles in TES Auto Approval

- TES Auto Approval validation for max price deviation will not be performed any longer for Flexible instruments (no last orderbook price for Flexible instruments anymore)

# Further Changes and Enhancements (2/3)



## Add Risk Notification broadcasts to FIX LF back-office sessions

- Risk notifications will also be available for BO FIX LF sessions serving needs of CMs using FIX LF BO sessions for NCMs (risk notifications are currently only provided for FIX LF trading sessions)



## Day counts for TRF products can show negative values

- Certain day count fields will temporarily show negative values in 4 cases, which are explained in PRN.

## New attribute ContractMonthType in RDI / RDF with additional information about Contract Month and Display Month

- New attribute ContractMonthType to be introduced in *SimpleInstrumentDescriptorGroup* in *SecurityDefinition* message in RDI / RDF

# Further Changes and Enhancements (3/3)



## Definition of PTRL via HF sessions

- Possibility given to inquire & define PTRLs via HF sessions



## Rearrangement of Cross Request Button in T7 Trader GUI

- Buttons for sending Cross Request & Quote Request will be separated to mitigate risk for potential wrong entries



## Remove ApplSeqIndicator

- *ApplSeqIndicator* will be removed from the ETI MassOrder request



## ET/ FIX LF changes in supported cipher suites

- List of TLSv1.2 cipher suites changes (to be published in Network Access Guide)



## Display changes of numeric & numeric signed fields in dedicated XML reports

- Due to migration to enhanced data platform, adaption to content display of numeric/numeric signed fields with decimals takes place (stepwise approach)
- Dedicated reports to be migrated with/after T7 R 12.0 (see for details Release Notes)

# Thank you!

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If you have any further questions, please contact your Key Account Manager or send an e-mail to [client.services@eurexchange.com](mailto:client.services@eurexchange.com)

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