T7 Release 12.0

OpenDay 2023

Overview of the new functionalities

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21 September 2023

DEUTSCHE BÖRSE GROUP

Agenda

1 Important Dates

2 MiFID II and MiFIR Requirements

3 Eurex Crossing and Pre-Arranged Trades

4 Eurex Total Return Futures Delta Neutral Strategies

5 Eurex Enhancements to the Transaction Size Limits

6 Xetra Retail Execution

7 Latency Enhancements

Important Dates for T7 Release 12.0

11.08.2023

T7 Release 12.0
Cloud Simu Start

11.09.2023

T7 Release 12.0
Simulation Start

20.11.2023

T7 Release 12.0
Production Start

No Backwards Compatibility will be offered

MiFID II and MiFIR Requirements

- The MiFID II and MiFIR Requirements outlined on the following slides are applicable to Eurex, Xetra, and Börse Frankfurt (including Börse Frankfurt Zertifikate) only
- For other exchanges, today's status quo will apply for the time being

EUREX

XETRA

BÖRSE FRANKFURT

MiFID II and MiFIR Requirements

Trading Capacity related AlgoID and Short Code Validations

- Whenever there is an Execution ID in the request, the Execuction ID has to be provided*
- The mandatory provision of the Investment Decision ID and the Decision Investment Qualifier depends on the Trading Capacity* used
- The mandatory provision of the Client ID depends on the Trading Capacity* used

- The submission of a zero in an Algo ID or short code is no longer allowed

- Once an AlgoID, Short Code or a qualifier is submitted, the corresponding partner field will become mandatory, even when the submission would as such be optional! (applied to TESType OTC as well)

* Except for TESType OTC

MiFID II and MiFIR Requirements

Trading Capacity related AlgoID and Short Code Validations

Trading Capacity	Execution ID	
	Qualifier Algo	Qualifier Human
Customer (Agency)	mandatory	mandatory
Riskless Principal	mandatory	mandatory
Principal (Proprietary)	mandatory	mandatory
Market Maker	mandatory	mandatory
Issuer/Liquidity Provider	mandatory	mandatory
Retail Market Maker	mandatory	mandatory
Retail Customer (Agency)	mandatory	mandatory

ETI

- ExecutingTrader
  Tag 25123
- ExecutingTraderQualifier
  Tag 25124

FIX LF

- PartyRole 12
  Tag 452
- PartyRoleQualifier
  Tag 2376

MiFID II and MiFIR Requirements

Trading Capacity related AlgoID and Short Code Validations

Trading Capacity	Investment Decision ID	
	Qualifier Algo	Qualifier Human
Customer (Agency)	optional	optional
Riskless Principal	optional	optional
Principal (Proprietary)	mandatory	mandatory
Market Maker	mandatory	mandatory
Issuer/Liquidity Provider	mandatory	mandatory
Retail Market Maker	mandatory	mandatory
Retail Customer (Agency)	optional	optional

ETI

- PartyIdInvestmentDecisionMaker
  Tag 20122
- PartyIdInvestmentDecisionMaker-Qualifier
  Tag 21222

FIX LF

- PartyRole 122
  Tag 452
- PartyRoleQualifier
  Tag 2376

MiFID II and MiFIR Requirements

Trading Capacity related AlgoID and Short Code Validations

Trading Capacity	ClientID
Customer (Agency)	mandatory
Riskless Principal	mandatory
Principal (Proprietary)	needs to be empty
Market Maker	needs to be empty
Issuer/Liquidity Provider	needs to be empty
Retail Market Maker	needs to be empty
Retail Customer (Agency)	mandatory

ETI

- PartyIDClientID
  Tag 20003

FIX LF

- PartyRole 3
  Tag 452

Please note: This validation regime for the ClientID will also be in place for eex with T7 Release 12.0

MiFID II and MiFIR Requirements
Trading Capacity related AlgoID and Short Code Validations

Orders

No order deletion will take place for non-compliant 11.1 orders remaining in the order book at the time of the release conversion

Customer ToDo

- Update all orders not GFD to be compliant with the correct MiFID II information (already possible in 11.1) to enable full maintenance
- Submit Short Codes for all traders
- Adapt software to comply to the aforementioned validations

TES Auto Approval Rules

No deletions of non-compliant Auto Approval Rules will take place at the time of the release conversion

Customer ToDo

- Update all TES Auto Approval Rules to be compliant with the correct MiFID II information (already possible in 11.1 in the T7 Admin GUI)
- In case of non-compliant Auto Approval Rules, no Auto Approval will take place.

Enhancements of Pre-Trade Control checks.

Maximum Order Value

- Introduction of an explicit exchange defined Maximum Order Value per Product/Instrument that cannot be skipped.
- It will be evaluated in addition to the User Maximum Order Value validation, if selected
- Cash Markets*:
  Defined per Instrument
- Eurex:
  Defined per Product

Maximum Order Quantity

- Cash Markets*
  - Introduction of an explicit exchange defined Maximum Order Quantity that cannot be skipped on Instrument Level.
  - It will be evaluated in addition to the user Maximum Order Quantity validation, if selected
- Eurex
  - Transaction Size Limits (TSLs) will continue to serve as exchange defined Maximum Order Quantity validations

Extended Price Reasonability Check

- Like for Eurex, Cash Markets* will introduce an Extended Price Reasonability Check (PRC) as well
- In case the PRC is not selected by a user, the Extended PRC will be validated
- The Extended PRC cannot be skipped

* Cash Markets in this context encompasses Xetra and Börse Frankfurt (including Börse Frankfurt Zertifikate)

New Crossing Procedure and Pre-Arranged Trade Entry

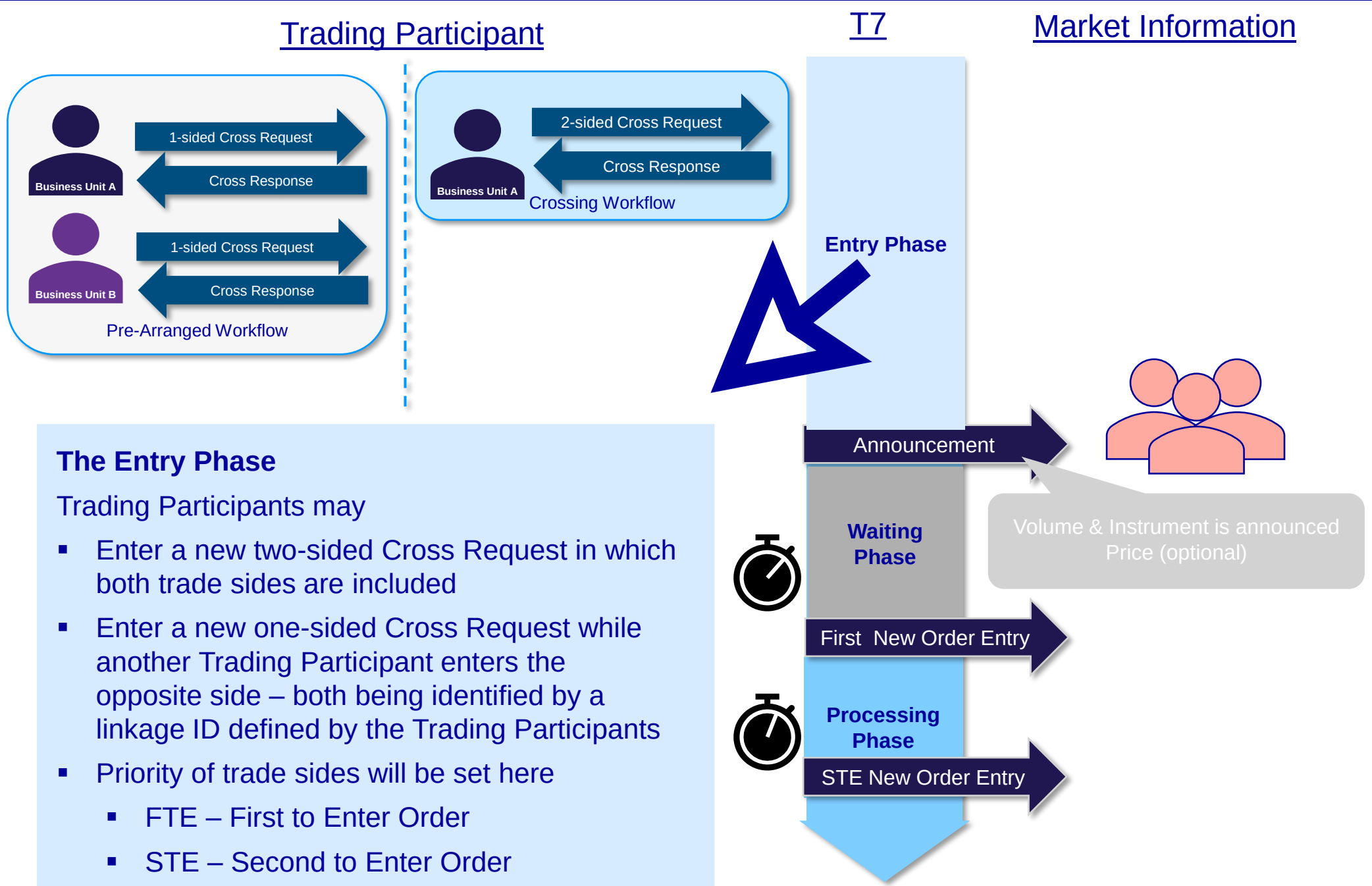
Motivation

Trading Participants will be enabled

- to provide **all required information** of the Cross/Pre-Arranged Trade
- at the **appropriate time**
- while ensuring the **time management and compliance of announcements** as required by the Eurex Rules and Regulations

Eurex will streamline the announcement of a cross or pre-arranged trade as well as the respective order entry sequence into **an automated workflow** like the Eurex Improve functionality.

New Crossing Procedure and Pre-Arranged Trade Entry

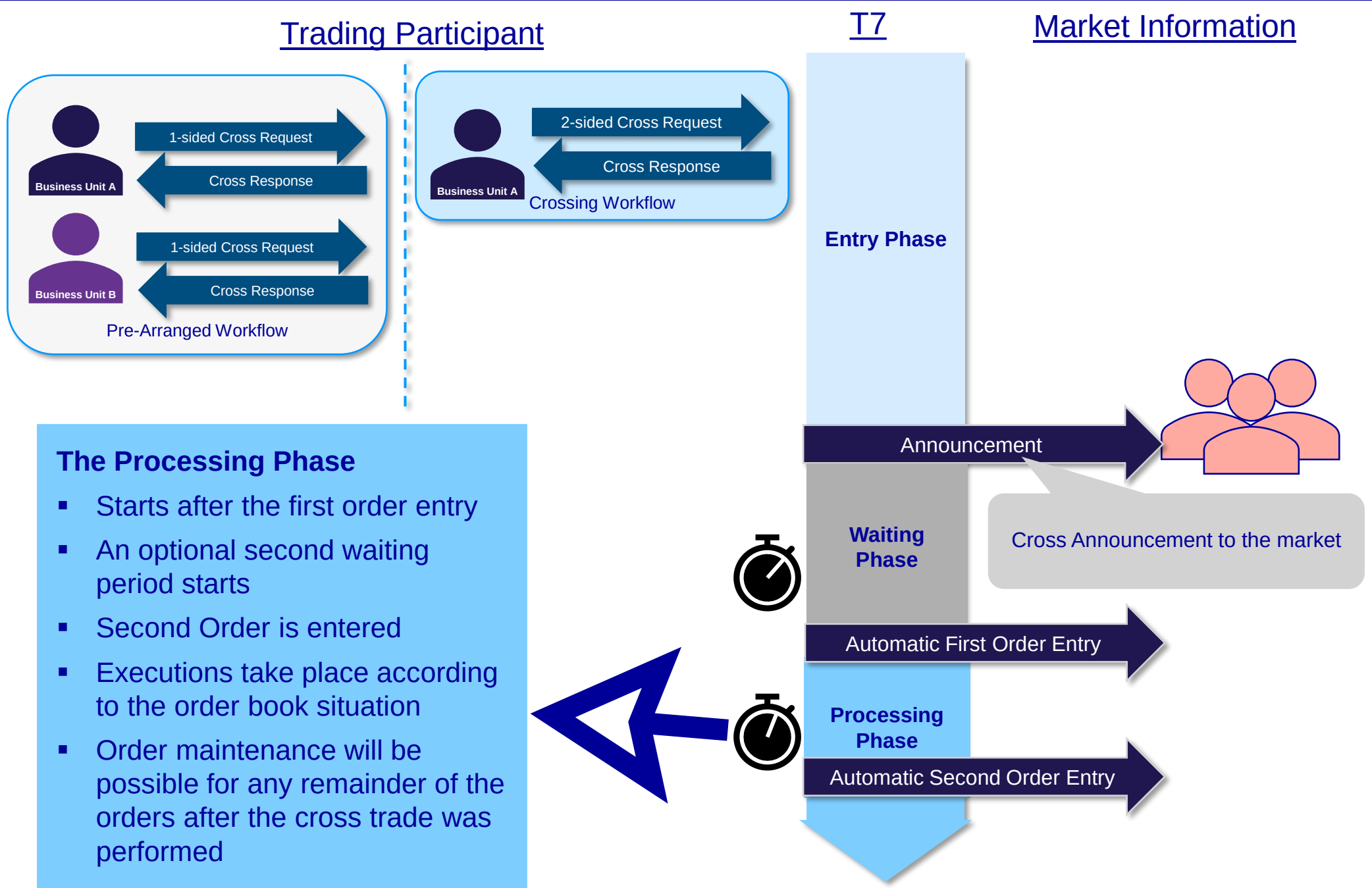


The Entry Phase

Trading Participants may

- Enter a new two-sided Cross Request in which both trade sides are included
- Enter a new one-sided Cross Request while another Trading Participant enters the opposite side – both being identified by a linkage ID defined by the Trading Participants
- Priority of trade sides will be set here
  - FTE – First to Enter Order
  - STE – Second to Enter Order

New Crossing Procedure and Pre-Arranged Trade Entry



The Processing Phase

- Starts after the first order entry
- An optional second waiting period starts
- Second Order is entered
- Executions take place according to the order book situation
- Order maintenance will be possible for any remainder of the orders after the cross trade was performed

Total Return Futures
Delta Neutral Strategies

Motivation

Procedural Risk reduction on customer side:

- Trading participants will be able to trade an Index TRF simultaneously with the corresponding Index Futures on that same Index

Total Return Futures Delta Neutral Strategies

Envisioned Initial scope

Index TRF (TRF) with its underlying index future

- TESX versus FESX
- TTUK versus FTUK
- TESB versus FESB
- TEDV versus FEDV

General Introduction

- Traded:

  BUY = Buy TRF + Sell Index Future

  SELL = Sell TRF + Buy Index Future
- New TESType/TradeType *DeltaTAM*
- Validations of instrument combinations and trade details apply
  - Quantity corresponds to minLotSize
  - TRF Spread for Index TRF contract
  - Price in Index Pts for Index Futures contract
  - Custom Index Level for Index TRF contract

  Basis in index points = Price of Index Futures contract –

  Custom Index Level for Index TRF contract

Eurex Enhancements to the Transaction Size Limits

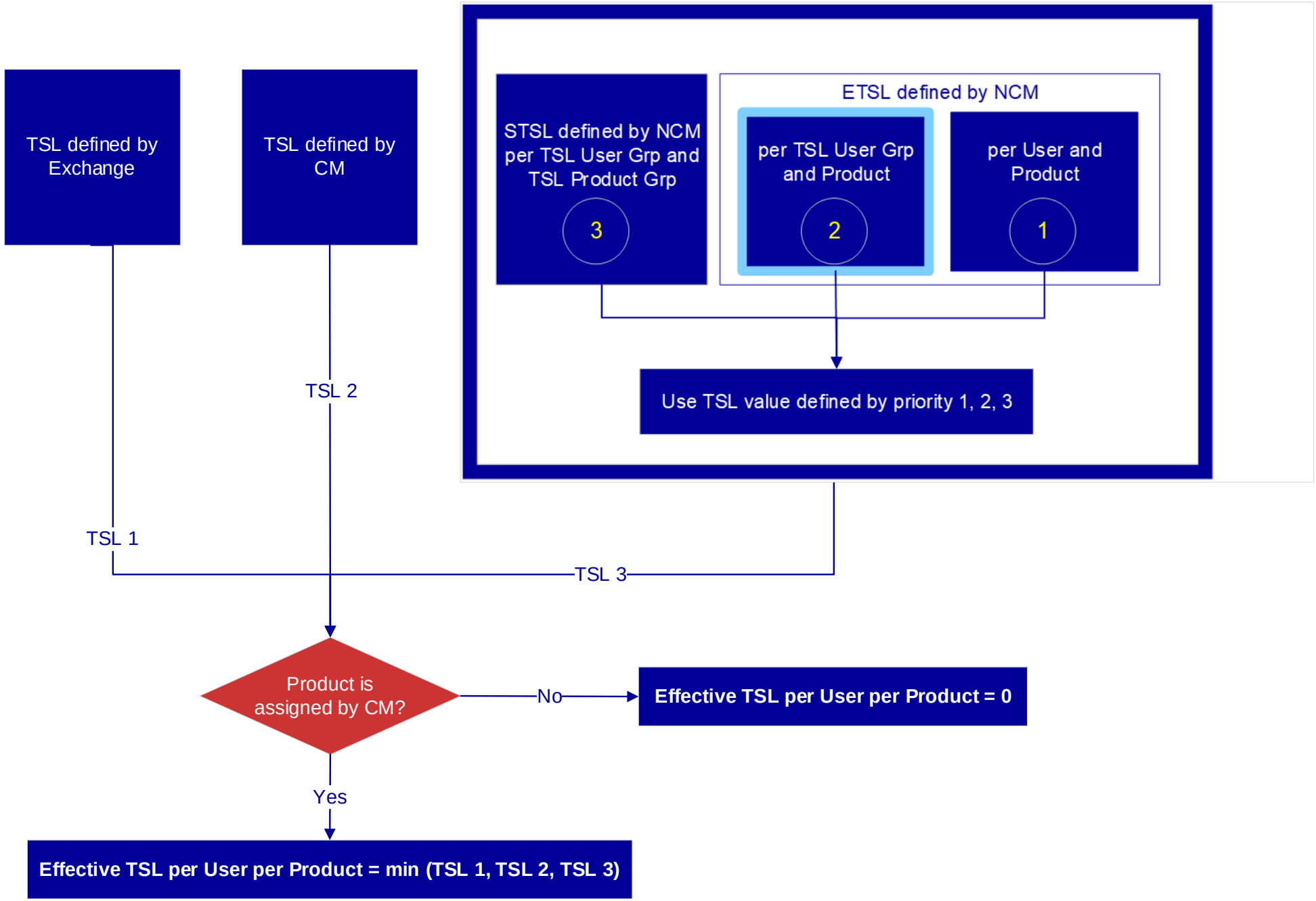
Introduction of the possibility for the Trading Participant to define Exception TSLs per
TSL user group and product

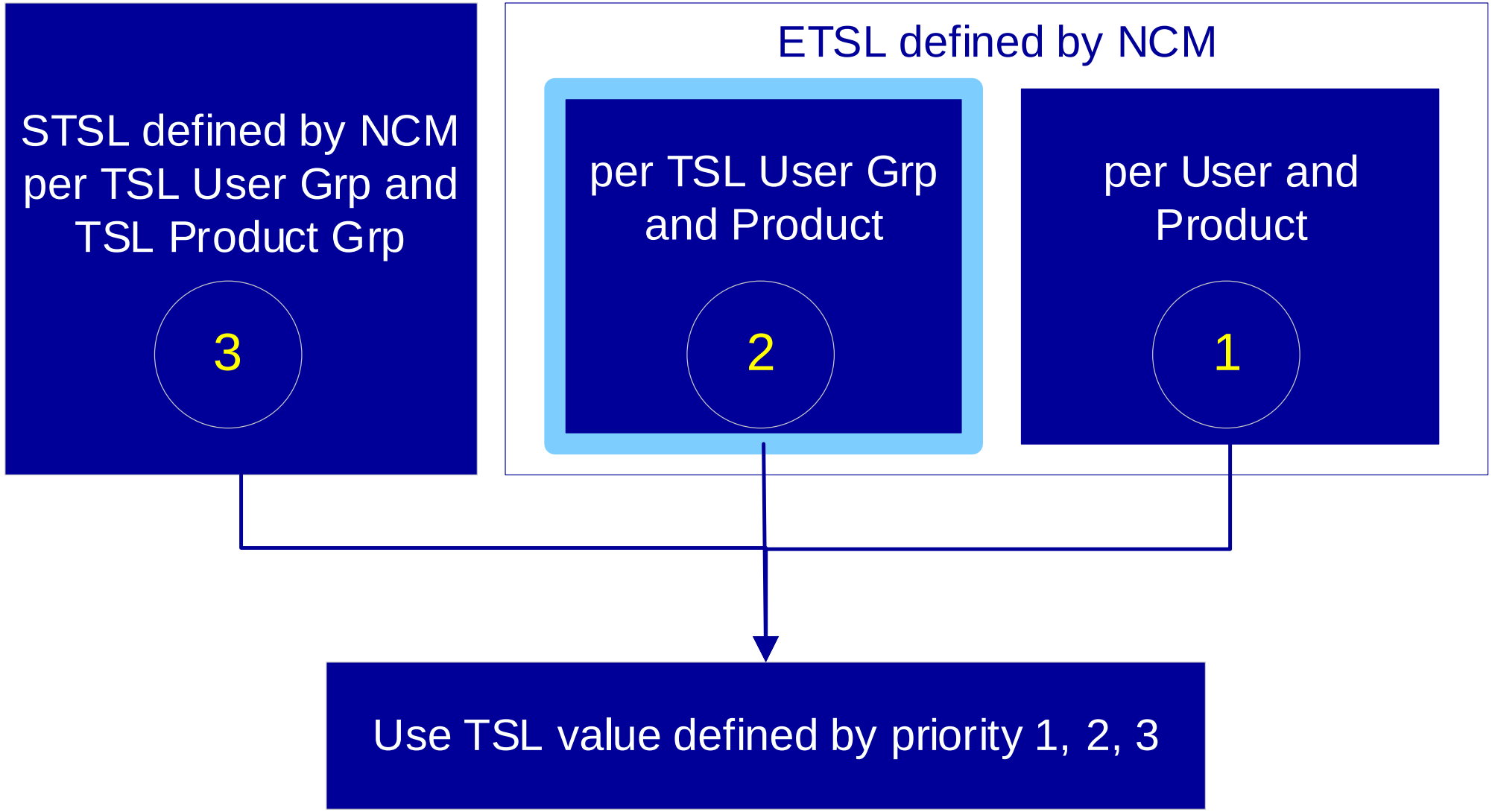
Trading Participant ETSL definition options:

- per user and product (existing functionality)
- per TSL user group and product (new)

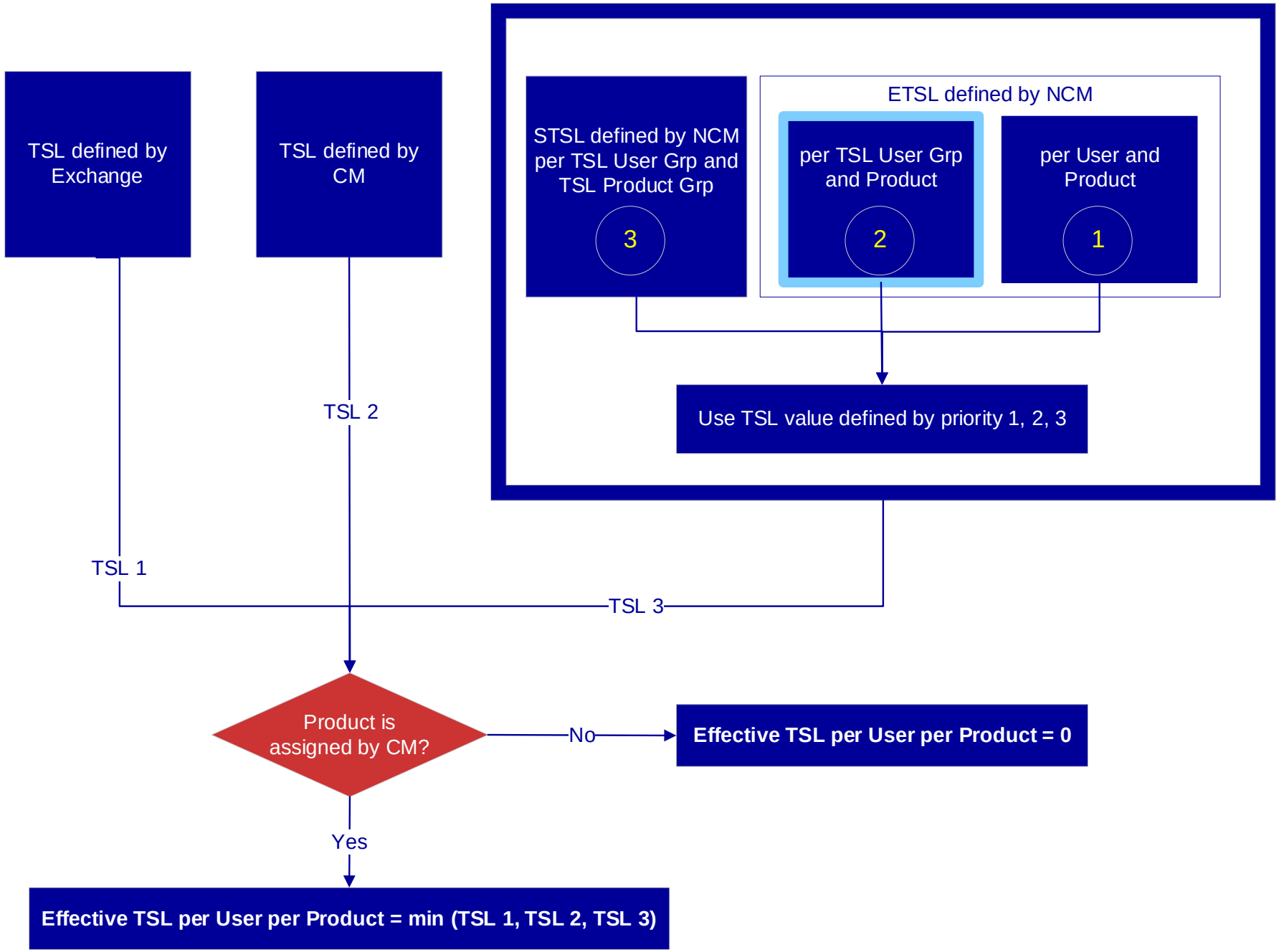
The maximum number of ETSLs allowed must not be exceeded by summing up the numbers of the above definitions

The effective TSL calculation




STSL defined by NCM per TSL User Grp and TSL Product Grp
3
ETSL defined by NCM
per TSL User Grp and Product
2
per User and Product
1
Use TSL value defined by priority 1, 2, 3

The effective TSL calculation



Xetra Retail

Motivation

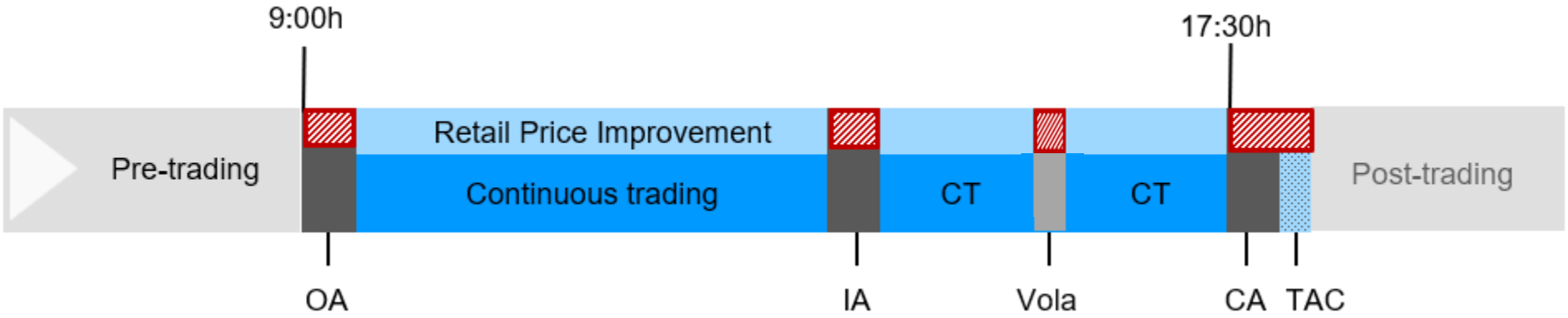
Xetra Retail offers a new service for best execution of retail orders at attractive conditions

- Offers price improvements on the Central Limit Order Book and the competing quotes of dedicated quote providers
- The transaction fees for the execution of retail orders will be reduced (retail orders will benefit from improved execution prices and lower transaction fees)

Xetra Retail

General Introduction

- Xetra Retail will be implemented as Retail Price Improvement in the *Continuous* Instrument phase in the *Continuous Trading with Auction* trading model



- During Continuous, Retail Liquidity Providers (RLP) will provide exclusive orders and quotes, which are supposed to be better quotes than the Designated Sponsors for Retail Market Organizations (RMO) to trade with, further enabling retail flow in Xetra

Xetra Retail

1 Registration

- Trading Participants register
  - as Retail Liquidity Providers for groups of instruments at the exchange
  - as Retail Market Organisations at the exchange

2 Roles

- RLPs provide quotes/orders using a new Trading Capacity RLP ‘L’ that can only match with orders sent by RMO with the Trading Capacity Retail Agency ‘B’
- RMO will send Retail Orders using the Trading Capacity Retail Agency ‘B’. These orders may match with RLP orders/quotes and other non-RLP orders/quotes

3 Instruments

- Dedicated Instruments are enabled for Retail Trading

4 Retail Price Determination

- Only takes place in the instrument state *Continuous*
- Match is always a RLP order/quote against a Retail Order
- A new match type *Retail* is introduced

5 Market Data

- RLP order/quote information is distributed only via CEF

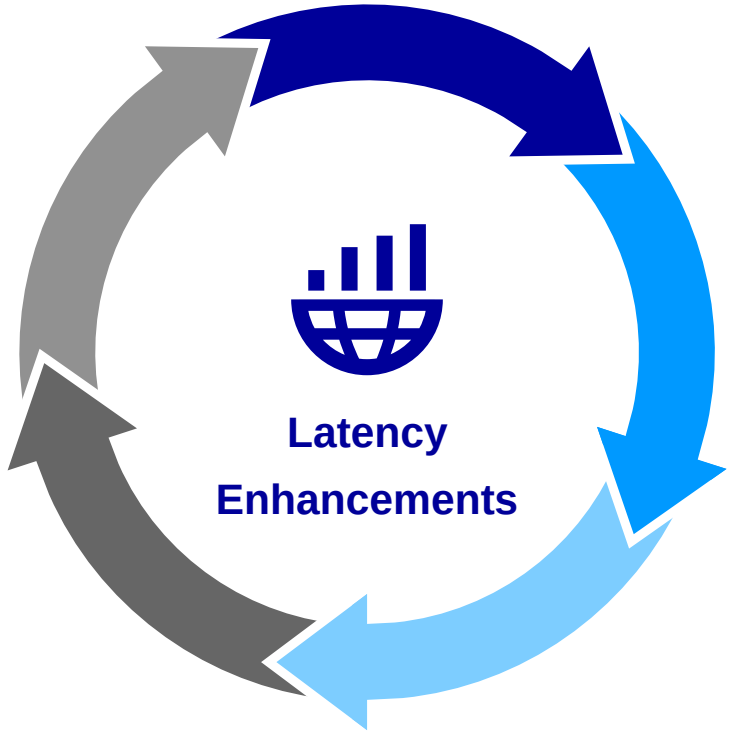
Latency Enhancements

Immediate deletion of quotes on Quote Inactivation

Quotes can be deleted immediately within the quote inactivation request

DSCP bit now indicating whether executed quantity > 1

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



New EOBI Information about remaining aggressive quantity in Continuous Trading

RemainingOrderDetails will include

- Timestamp (only for modifications)
- Remaining Quantity
- Remaining Price

Five new generic ETI Order Maintenance requests

The generic layout across Eurex and Xetra and order add, modify, and delete will make it easier for customers to process the requests

No delay for Quote Activation requests, if session does not have any quotes

Eurex ETI Changes in Order Maintenance Requests

Please be aware of the changes applicable to the following ETI requests

- New Order Single request
- Replace Order Single request
- Cancel Order Single request

Alignment with other order maintenance requests will be achieved:

- *SimpleSecurityID* will be replaced by *SecurityID*
- *ProductComplex* will be added as a mandatory attribute
  (not in the Cancel Order Single request)

Questions?

Thank you!

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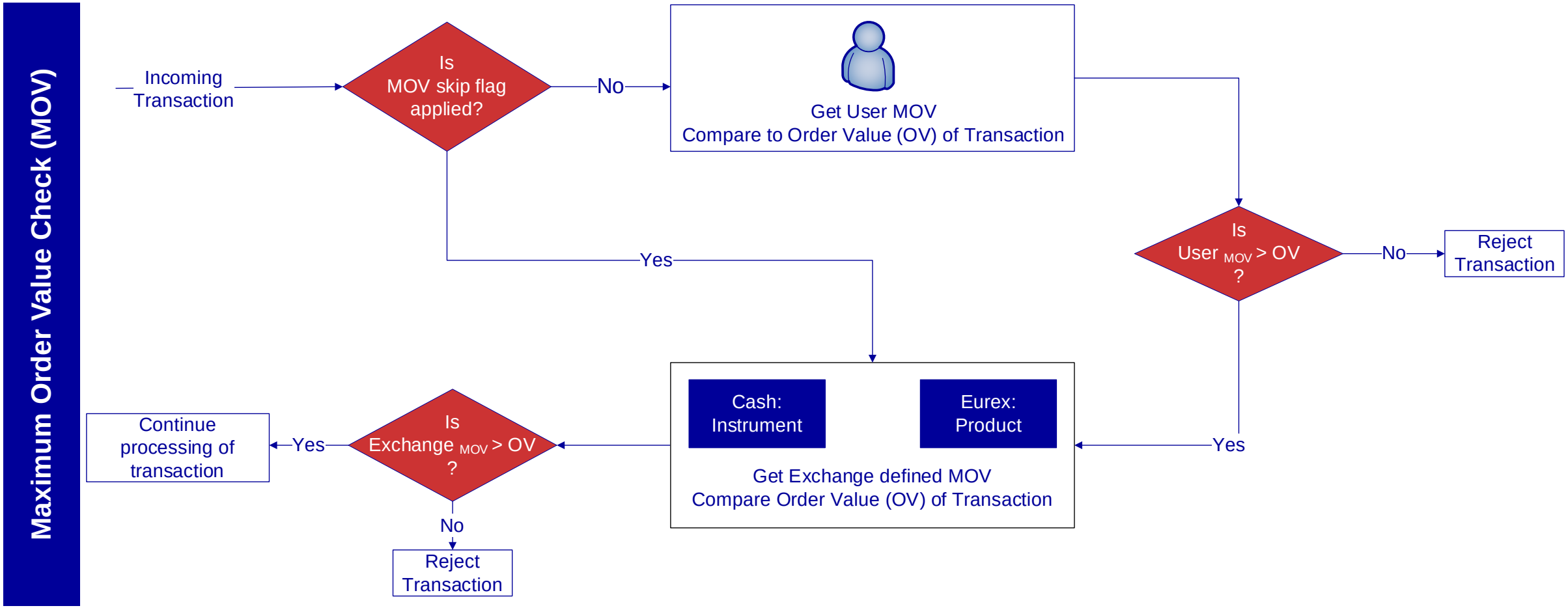
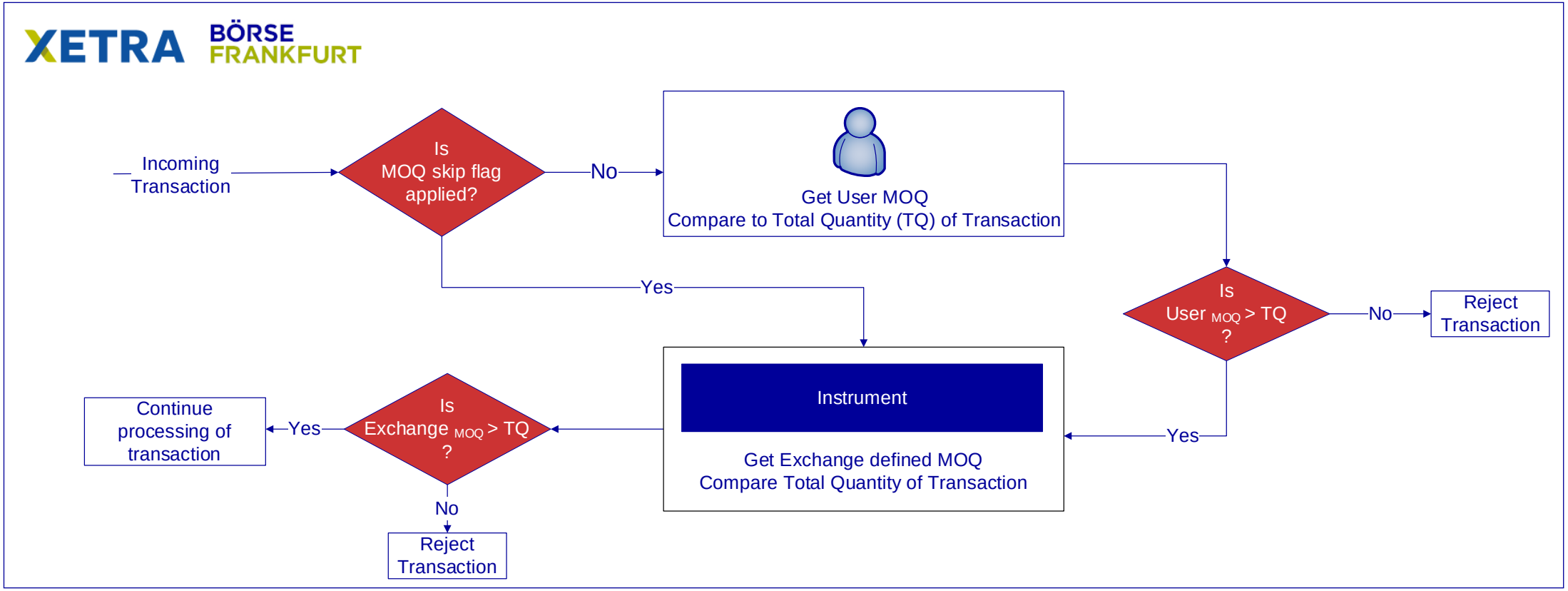
Backup

MiFID II and MiFIR Requirements
Enhancements of Pre-Trade Control checks



MiFID II and MiFIR Requirements
Enhancements of Pre-Trade Control checks

Maximum Order Quanity Check (MOQ)



EUREX Transaction Size Limits serve as Maximum Order Quantity Checks, which cannot be skipped by users

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