

Eurex Clearing Circular 026/19

Eurex EnLight: Certification Test – Process description

Summary

As announced in Eurex Clearing circular 020/19, effective 2 May 2019, Eurex Exchange will amend the Liquidity Provider (LP) Framework by adding a new Eurex EnLight building block (EBB). All Eurex liquidity providers who have passed the Eurex EnLight Certification Test are eligible for this building block.

When fulfilling the EBB, liquidity providers can increase their Off-Book rebate levels for Eurex EnLight transactions and keep their current T7 Entry Service (TES) rebate levels. If the EBB is not fulfilled, liquidity providers will receive less liquidity provider rebates on their TES volume compared to today. If liquidity providers do not pass the Eurex EnLight Certification Test, Eurex Exchange will not measure the EBB for the respective liquidity provider, leading to the same result as if the EBB had not been fulfilled. Details can be found in Eurex Clearing circular 020/19.

This circular provides an overview about the details of the Certification Test and the relevant contact persons.

If you are a liquidity provider receiving liquidity provider rebates on your TES volume with Eurex Exchange today, we recommend to contact your respective Key Account Manager to conduct the Eurex EnLight Certification Test in order to create the basis to participate in Eurex EnLight liquidity provider rebate schemes/programmes in the future and to keep your current TES liquidity provider rebate levels.

The Eurex EnLight Certification Test can be passed from **1 April 2019**.

Attachments:

- none

Date: 13 March 2019

Recipients: All Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG and vendors

Authorized by:
Matthias Graulich

Target groups:

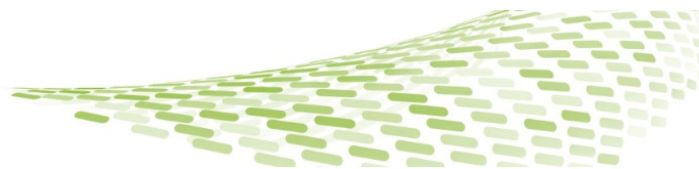
- All departments

Related Eurex Clearing circular:
020/19

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Fixed Income Sales:
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Key Account Management:
Your Key Account Manager Trading



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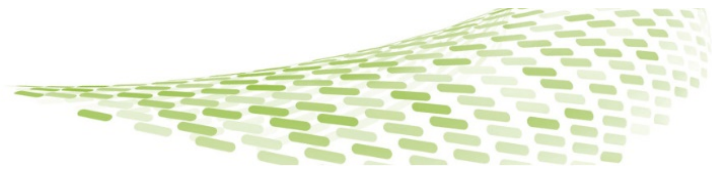
1. Background summary

From 2 May 2019 onwards, Eurex Exchange will have an Eurex EnLight Liquidity Provider Building Block (EBB) which measures liquidity providers' performance on Eurex EnLight. The EBB LP rebate will only be granted if a liquidity provider passes a one-time Certification test and if all other requirements of the EBB are met, as outlined in Eurex circular 020/19. In this test, the liquidity provider has to demonstrate the ability to Eurex Exchange to respond electronically to a plain vanilla outright block trade within three seconds via Eurex's ETI. The Certification Test will be conducted in Eurex's simulation environment and needs to be fulfilled for each segment (Fixed Income Options, Equity Options, Equity Index Options) in which the liquidity provider wants to be eligible to receive the EBB LP rebates.

From 2 May 2019 onwards, Eurex EnLight will be available for Fixed Income Options, Equity Options, Equity Index Options and MSCI Futures.

2. Eurex EnLight Certification Test – Process description

- (1) In order to conduct the Certification Test, a respective responder will need to contact their Eurex Key Account Manager (KAM) to schedule an appointment for conducting the test.
- (2) The test will be conducted during a 30-minute slot. Once an appointment for the test has been agreed, the responder has to be ready during the agreed 30-minute slot to receive and respond to requests sent in simulation environment via ETI.
- (3) To set-up the appointment, the responder needs to indicate the trader ID to their KAM to which the request should be sent. The KAM will inform the responder about the trader ID which will be used to send the request.
- (4) In case responders intend to conduct the Certification Test for each segment, they need to respond to three RFQs sent by Eurex Exchange during the 30-minute window. Segments are defined on a high level: Fixed Income Options is one segment, Equity Options is one segment, Equity Index Options is one segment.
- (5) In case responders intend to conduct the Certification Test for each segment, they need to nominate one product for which they want to receive a request. For example, if a responder wants to conduct the test in the Fixed Income Options segment and in the Equity Options segment, they should let Eurex Exchange know that, for the purpose of the test, they want to receive a request in BUND options (OGBL) and in options on BMW (BMW).
- (6) In case responders intend to conduct the Certification Test in more than one segment, they can decide whether they want to do all tests within the same 30-minute window or whether they want to conduct the test for each segment in separate 30-minute windows.
- (7) Within each 30-minute window, Eurex Exchange has to send three requests per segment to the responder via the simulation environment. The request should be in the product the responder has previously specified to Eurex Exchange for this segment.
- (8) In the request, Eurex Exchange has to include the following information:
 - For EOs and Equity Index Options, the product, strike price, maturity and size have to be defined as a minimum. The assigned KAM can add more information like preferred price and side, but this is not required.
 - For Fixed Income Options, the product, strike price and maturity have to be defined as a minimum. The assigned KAM may add more information like size, price and side, but this is not required.
- (9) Once a request is submitted to a responder, the responder has to respond electronically within three seconds via Eurex's ETI. This is the only requirement for a response being valid. It is not important, for the purpose of this test, whether the details included in the response like size, price and side are meaningful.



- (10) This process is repeated for each segment three times within 30 minutes.
- (11) Only if a responder responded to the three RFQs per segment within three seconds via ETI during one 30 minute-window, the Certification Test is passed.
- (12) Once the test has been conducted, Eurex Exchange will evaluate whether the responses were sent via ETI within three seconds. The respective responder will be informed on the next business day by their KAM whether the test has been passed or not.
- (13) Once a test is passed, Eurex Exchange will measure the fulfillment of the EBB for the relevant responder.

Please note that tests will only be possible starting from 1 April 2019 onwards.

If you have any questions or require further information, please contact Philipp Schultze, Equity & Index Sales, via e-mail at philipp.schultze@eurexexchange.com, or Vassily Pascalis, Fixed Income Sales, via e-mail at vassily.pascalis@eurexexchange.com, or your Key Account Manager.

13 March 2019