

Transaction Size Limits (TSL) Q&A

1. Summary of TSL changes coming with T7 10.1

With T7 10.1, Eurex will significantly alter the TSL functionality.

- Firstly, the maintenance of TSLs will be updated
- Secondly, Clearing Members will be given the ability to define TSLs for their clearing clients (T7 Trading Participants)

Therefore, in the future, two types of stakeholders will be able to configure TSLs:

- Trading Participants covering their own trading activity via T7 Admin GUI
- Clearing Members covering the trading activity of their clearing clients via T7 Clearer GUI
Eurex covering all trading activity

Eurex will also introduce two new classes of Transaction Size Limits (TSLs) called:

- Standard Transaction Size Limits (STSLs)
- Exception Transaction Size Limits (ETSLs)

2. Q&As

2.1. General

1. **Where can a Trading Participant or a Clearing Member see the assignment of products to respective TSL Product Groups?**

The TSL Product Groups will be available in the reference data and on the Eurex website in the “All products at a glance” file located on Eurex.com under following path *Markets > Product Overview* where a new column “TSL Prod Group” will be added.

2. **If there are changes within existing TSLs, how will they be made available to Trading Participants and Clearing Members?**

Changes to existing TSL Product Groups will be announced in advance to give Trading Participants and Clearing Members the opportunity to adjust their configurations accordingly.

3. **What are the T7 Admin GUI changes and how can STSLs be imported?**

Currently TSL maintenance is done via T7 Admin GUI User maintenance. In the future, the TSL maintenance will be done similarly to PTRLS. It will be possible to upload a csv file. Furthermore, the Import and Export functionality for STSLs and ETSLs is available via the T7 Admin GUI and the T7 Clearer GUI.

4. **Are TSL limits completely new and are they standing on their own or is there a relationship to Trader Entitlement?**

Entitlement (i.e., Trader YES/NO) is a separate functionality and not explicitly related to TSLs.

5. **What if Trading Participants and Clearing Members do not define any STSLs?**

If Trading Participants and Clearing Members do not enter limits, then only the Eurex defined limits apply.

6. If a Clearing Member has assigned lower STSLs for its Trading Participant, does this value overwrite the value the Trading Member has set?

Clearing Member STSLs, Trading Participant STSLs, Eurex STSLs are defined independently of each other. Eurex calculates the effective TSL which is the lowest value of the three. Trading Participant ETSLs overwrite only Trading Participants STSLs, but not Clearing Member STSLs or Eurex STSLs.

7. Where can a user view its provided ETSLs?

Users can view ETSLs in the T7 Admin GUI or via the end of day reports (see also Q9).

8. Can Market Supervision enter ETSLs for Trading Participants “on behalf”?

Market Supervision will NOT support the migration of clients on behalf. Nevertheless, once this new regime is BAU (after Go-live), MS will perform such activities like the ones already existing, i.e., order deletion.

9. What are the new reports? What are the enhanced ones?

The following reports will be added:

- RD140 New User Transaction Size Limit Maintenance
- RD145 New User Transaction Size Limit Status
- RD146 Clearing Member Defined Transaction Size Maintenance
- RD151 Clearing Member Defined Transaction Size Limit Status

Finally, the temporary XML Report TT137 (Temporary Extended Pre-Trade Risk Limit Consumption Report) will be offered during the migration phase. This report will provide customers with a way to compare their newly configured TSLs with their current TSLs.

10. How long will the Migration period last?

We plan to announce the duration of the migration in Q2 2022.

11. What do Clearing Members need to do?

Clearing Members do not need to migrate any configurations since there are none within T7. From a Clearing Member perspective, a new logic applies: if a CM leaves a TSL field blank, then the Eurex and Trading Participant limits only apply.

12. Can a trader see his/her STSLs and ETSLs in the T7 Trader GUI?

Traders can see relevant TSLs as part of the error message after an order, quote or TES trade has been rejected due to a TSL breach. Error messages are displayed in the T7 Trader GUI and are available via ETI.

13. What happens to the ETSLs of a user that is deleted?

At the end of each day Eurex will clean up the ETSL of deleted users.

14. Is the configuration of the TSL in general necessary for Clearing Members or Trading Participants?

No, Trading Participants and Clearing Members are not obligated to configure TSLs since orders, quotes, and TES trades are always validated against Eurex TSLs.

15. Is the TSL functionality offered for free?

Yes, no additional costs are charged for using the TSL regime.

16. Does each TSL type (order book, TES and Spread limit) count when configuring ETSLS?

Yes, if a participant configures all 3 TSL types, then the configuration of these 3 types counts as 3 ETSLS.

17. Will Eurex amend the existing Eurex limits when introducing the new TSL functionality?

Yes, Eurex will increase the current TSL limits after the introduction to the new regime as shown in below table.

Eurex TSLs in lot	Today	Future
Orderbook	5,000 (for all products except fixed income futures) 7,500 (for fixed income futures only)	9,999
Calendar Spread	50,000	99,999
TES	250,000	999,999

18. What is the upper limit for a trading participant when setting up TSL User Groups?

Each member can define up to 5 TSL user groups.

2.2. Q&A from the Focus Calls

1. If a user is not part of TSL group, can limits be set per user as it can be done today, or will the users have unlimited limits?

As a Trading Participant, you can set an ETSLS for a user, even though this user is not part of a TSL User Group. The number of ETSLS is limited per Trading Participant.

2. How many ETSLS can be defined?

Please check details reg. max. amount of ETSLS Chapter 3.3 of the T7 10.1 Release Notes. The "E" in the formula equals 100. M, meaning the member's users with trading rights multiplied by 100.

3. The documentation states that products might change product groups. How much notification will we be given when a product is changing product groups?

Changes to existing TSL Product Groups will be announced in advance to give Trading Participants and Clearing Members the opportunity to adjust their configurations accordingly.

4. Is TSL Product group in reference data a separate msg in reference data template?

The Product snapshot message will be enhanced with two new tags, being TslMarketGroupID and TslMarketGroup. Please check details in Chapter 11.2.1 of the Market & Reference Data Interfaces Manual Rel 10.1 under eurex.com > Support > Initiatives & Releases > T7 Release 10.1 > System documentations > Market & Reference Data Interfaces.

5. Where can the field `tslUserGrp` be found?

The `TslUserGroup` can be found in RD115 User Profile Status.

6. Are other trading applications that operate on Eurex affected by this release?

This is only affecting the Eurex T7 Admin & T7 Clearing GUI. No other applications are impacted, per se. There will, however, be changes to the RDF interfaces and certain XML reports. You can find specifics on our T7 10.1 Release notes (section 3). eurex.com > Support > Initiatives & Releases > T7 Release 10.1 > System documentations > Market & Reference Data Interfaces, https://www.eurex.com/resource/blob/3064394/28a560c2a06976d39323868d537de170/data/T7_Release_10.1_-_Final_Functional_Technical_Release_Notes_Eurex_v.1.3.pdf

7. Would the import from file overwrite existing STSLs already in place?

Yes, when uploading STSLs that are already existing, they will be overwritten.

8. Are there standard upload files that we can access, or will everything have to be created?

Yes, please go to Eurex.com > Support > Initiatives & Releases > Project readiness > Transaction Size Limits (TSL) Enhancements > Supporting documents > XXXX_Template.txt

9. How many ProductGroups exist?

The amount of TSL product groups that we're currently planning with is available on our Support site: <https://www.eurex.com/ex-en/support/initiatives/project-readiness/Project-Readiness-2442558?frag=2929244> namely in the section "Supporting documents" named "Transaction Size Limit (TSL) Product Groups"

10. Are there standard upload files that can be accessed, or will everything have to be created?

Please check for the template specifics our TSL Support site <https://www.eurex.com/ex-en/support/initiatives/project-readiness/Project-Readiness-2442558?frag=2929244> and there under "Supporting documents" the document called Transaction Size Limits (TSL) "How to" Guide

11. Is there a file name nomenclature for the upload files?

The naming of the files is not relevant. However, it is vital that the names of the columns are configured correctly. For example, please see the template upload files available on our website under eurex.com > Support > Initiatives & Releases > Project readiness > Transaction Size Limits (TSL) Enhancements > Supporting documents > XXXX_Template.txt

12. Are members able to set individual product TSLs via the upload and on a user group?

STSLs are defined for a group of products (TSL Product Groups) and/or groups of users (TSL User Groups). There is no single limit that can be set per User Group across all Product Groups. If one wants to define the same limit, then multiple STSLs need to be entered. All limits can be maintained via Upload or manually in the GUI.

13. Would members be unable to amend the TSL product group by themselves, e.g., if setting a limit at the group level and wanting to block a product from trading, members would need to set a 0 limit at the exception level?

Product groups can't be changed by Trading Members or Clearers - only the Exchange can do so and if it does, it will communicate this far in advance. A limit of zero means that users are prevented from trading.

14. If a member has currently configured for all his traders (users) a Max Qty Limit (Default-Max TES QTY or DefaultMaxOrderQty) on Product or Market Group Level in the Eurex Admin GUI - will this setting automatically be transferred after Migration on 22 July. Meaning, if a member is not taking any action will the old quantity limit still work and can traders trade as before?

No, we will not migrate anything from the old regime. Old limits will be deleted, so you need to configure new TSLs.

15. Can a Single Future Trade Limit be changed in the setting of a User Group, i.e., Fixed Income Germany in general 1000 Lots and FGBL 3000?

Yes, you can set STSLs for all the Fixed Income related Product Groups and then set ETSLs for your exceptions.

16. Can a Clearer restrict just one product on NCMs?

No, Clearers are only able to set STSLs per Product Group. Clearers do not have ETSLs.

17. How is the timeline in simulation to test this?

For Simulation the same migration process will be followed as for Production. The duration of the migration phase will be two and a half weeks. The last day of the migration phase will be Wed, 18 May 2022. The new TSL configuration will be operationally enabled Thurs, 19 May 2022.

18. If there is no action taken, will members run into issues?

No, they will not run into issues. If there is no action taken, Eurex will assume that you want your users validated against the limits set by Eurex and by your Clearer.

19. If a member currently has limits set per user, will he need to re-do all this for all his users?

Yes, a member needs to configure the new TSL regime, if TSLs want to be used past the 25th July 2022.

20. Can a NCM set standard limits that all his user ID's can be linked to, so essentially one limit profile? Could these limits be defined via grouping user ID's or exceptions?

All users can be put into a single User Group. Then any STSL that a member defines will automatically apply to all users.

21. Is the production limit applied to the single instruments of the group?

Yes

22. What can a Non-Clearing-Member do, if he just wants to use the TSLs of the Clearing Member. Is there any action needed on the NCM side in the Admin GUI or will automatically the CM-Limits apply?

A NCM doesn't need to do anything. Also, your Clearer is free to choose whether to apply TSLs for the NCM's business. Even if an NCM and his Clearer choose not to configure any limits, all the NCM's orders, quotes, and trades will still be validated against the limits provided by Eurex.

23. What is the reason for only allowing 5 TSL Groups?

Limiting the number of User Groups is necessary to protect the overall trading system from excessive usage.

24. What kind of entitlement is needed to maintain the TSLs in the Clearer GUI?

Trading Entitlements for Product Assignment Groups are not impacted by the changes of TSLs. The entitlement for Trading Participants will be adjusted so that a user with the "Service Administrator" role can define the TSL. For Clearing Members, a new role "CM Service Administrator" is created enabling the TSL maintenance. All users of a Clearing Member currently using the "Service Administrator" role will automatically be assigned with this new role (and the existing role will be de-assigned). There is no need for adjustment of entitlement for Trading Participants or Clearing Members.

25. When copying a user in the User Maintenance, will the existing TSLs for this user still be copied to the new user like in the old regime?

Since the User Maintenance and TSL Maintenance will be maintained separately after the introduction of the new TSL regime, ETSLs belonging to one user cannot be copied anymore with the copy & paste option for users in the "User Maintenance" window. If ETSLs should be copied from one user to another, please use the export/import functionality in the TSL maintenance.

26. Are there migration tools to assist migrating limits set on existing MarketGroupId or MarketGroup to new TSLProductGroups?

We offer a temporary report (RD260) to support the migration. Additionally, we have provided numerous documents and data on our dedicated Project Readiness website. We hope that you will find these resources useful for your migration.

27. Are there any restrictions related to the naming of the user groups, e.g. uniqueness across all members, etc.?

The TSLUserGroup (i.e., the ID) must be unique within the Business Unit. However, the TSLUserGroupDescription can be anything you'd like it to be.

28. During the configuration period, can a NCM see what limits his CM has set?

Yes

29. Will the TSL in the "User Maintenance" window remain visible post go-live of the new TSL regime?

Yes, but only for a limited time. Eventually, they will be removed.

30. Will all the default limits for SS futures etc. be automatically applied to users?

There will be no default limits in the new regime. The default will always be no limits (i.e., a user can trade up to the maximum allowed by its Clearer or Eurex)

31. The CMs set the limit per Business Unit for the trading member, and that is the absolute limit for me as a trading member, which I have to "split" amongst my traders, correct?

There is no need to "split" the limit. If the Clearing Member sets a limit of 5,000 lots, then every single order, TES trade, or quote of this NCM must be below 5,000 lots. Importantly, TSLs do not validate how many orders, TES trades or, quotes a NCM submits.

32. Will the existing user trading permissions remain untouched in the user maintenance screen?

User permissions (aka Assignment roles) will remain as they are today. There are no changes.

33. Will working orders (GTCs) be impacted at all by the TSL migration?

The changes themselves do not have an impact on working orders. However, if you or your Clearer chooses this opportunity to lower the limits, then you will have some impact. In general, today and in the future, working orders are impacted by lowering TSLs as follows:

- The TSL is set to 150.
- Order added with 100 lots to the order book. The order is not executed and sits passively.
- The TSL is lowered from 150 to 75
- > The order remains in the order book. The order can still be cancelled or executed. However, for a modification to be accepted by T7 the order size must be equal or below 75 lots.

34. If a Trading Participant decides to not upload any limits how can they see the limits set by the Clearing Member or Exchange in the T7 Admin GUI?

To see limits set by the Clearer or the Exchange as a Trading Participant without defining own limits, it is necessary to create a default TSL User Group first. The TSL User Group can be added in the TSL Maintenance wizard under the TSL User Group tab without assigning any users or defining any limits. After the set-up of the default user group, click on refresh in the Standard TSLs window and the limits per product group will appear.