

## Eurex Circular 036/18

# Introduction of T7 Release 7.0 on 3 December 2018

### Summary

T7 Release 7.0 is planned to be launched on **3 December 2018**.

The simulation period for T7 Release 7.0 is planned to start on 24 September 2018.

This circular provides Eurex Trading Participants and Independent Software Vendors (ISVs) with an overview of the enhancements planned for T7 Release 7.0, including:

- Eurex Improve Service
- Enhanced Risk Functionalities and Protection
- Passive Liquidity Protection
- Equity Total Return Futures
- Baskets of Equity Total Return Futures
- Enhancements to Eurex EnLight
- Extension of Trading and Clearing Hours

Please note that T7 Release 7.0 will provide backwards compatibility for the T7 ETI and FIX interface version 6.1, i.e. Participants will be able to connect to T7 using the 6.1 interface layout even after introduction of T7 Release 7.0. Market and reference data interfaces will not provide backwards compatibility to previous releases.

#### Attachments

- none

**Date:** 25 May 2018

**Recipients:**

All Trading Participants of Eurex Deutschland and Vendors

**Authorized by:**

Randolf Roth

**Target groups:**

- All departments

**Contact:**

Your Group Client Key Account Manager Trading, or your Technical Key Account Manager using your VIP number or via e-mail to: [cts@deutsche-boerse.com](mailto:cts@deutsche-boerse.com)

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### T7 enhancements for the derivatives markets

#### 1. Eurex Improve Service

The Eurex Improve Service (also denoted as Client Liquidity Improvement Process - CLIP) will offer a new way for a complete execution of a client order ("Eurex Improve client order") in the central limit order book. The key feature of the Eurex Improve Service will be the combination of two possible ways to execute a Eurex Improve client order in a specific Eurex Improve Match event:

- Execution against an Eurex Improve broker order which is exclusively directed against the Eurex Improve client order and owned by the same user as the Eurex Improve client order or by a different user
- Execution against orders and quotes of any market participants which are available in the regular order book

The Eurex Improve Service is based on "indication of trading interest" representing a new type of trading entity in the T7 trading platform. The client indication of trading interest represents the client part and the broker indication of trading interest those of the broker. The Eurex Improve Match event ensures the complete execution of the client indication of trading interest while the broker indication of trading interest serves as a back-up of the client execution. Consequently, price competition takes place on the broker side but not on the client side.

When an opposing and mutually supplementing client and broker indication of trading interest are identified, all market participants are informed about an upcoming Eurex Improve Match Event via a Eurex Improve Announcement. Within a fixed period of time ("price improvement period") starting after the announcement, market participants can enter orders or quotes to the regular order book of the corresponding instrument. Please note that the time duration of the price improvement period is in the order of a second or even below.

The Eurex Improve Match Event takes place after the end of the price improvement period. The match event converts the client and broker indication of trading interest into a Eurex Improve client and broker order and additionally considers all orders or quotes in the order book side of the Eurex Improve broker order including the Eurex Improve broker order for execution against the Eurex Improve client order. Consequently, orders or quotes from market participants with a limit price better than the limit of the Eurex Improve broker order will be considered in accordance with the prevailing matching rules.

#### 2. Enhanced risk functionalities and protection

With T7 Release 7.0, the risk protection offered by Eurex Exchange to the participants will be enhanced as follows:

- Pre-trade risk limits: These limits can be set by Eurex Exchange, Clearing Member, or Business Units. Business Units will be able to define several pre-trade risk limits and will be able to individually assign them to a set of user groups that can be newly defined. These limits will take into account both the open orders and quotes of a Business Unit or particular user risk groups in a certain product, as well as the net position gathered due to trades on that given day. Upon order and quote entry or off-book trade approval, the defined limits will be checked and in case they are exceeded, the transaction will be rejected.
- Quote Mass Cancellation: The Quote Mass Cancellation request will be enhanced to support also quote deletion at Business Unit level apart from the trading session level. Instrument type specific quote mass cancellations will not be supported anymore.

- **Market Maker Protection:** The Market Maker Protection functionality will be enhanced to also set the parameters at the Business Unit level along with the trading session level. Instrument type specific Market Maker protection will not be supported anymore.

### **3. Passive Liquidity Protection**

Eurex Exchange will introduce a concept of passive liquidity protection for specific products to strengthen the passive liquidity resting in the order book. Aggressive order transactions (i.e. order transactions that are executable upon entry) will be deferred by a time interval in the order of milliseconds or even below, before they are able to impact the order book. Non-aggressive order transactions (i.e. order transactions not executable upon entry) are directly updating the order book without deferral. Quote transactions are assumed to be passive by default and, consequently, are treated like Book-or-Cancel transactions with the consequence that a quote side executable upon entry will be deleted. Please note that the concept of Passive Liquidity Protection can be activated for selected products after the introduction of T7 Release 7.0. The concept, the product scope and the activation time of the Passive Liquidity Protection functionality continues to be in discussion with market participants.

### **4. Equity Total Return Futures**

Eurex Exchange will introduce Total Return Futures on an individual stock as Equity Total Return Futures (ETRF) with T7 Release 7.0. Its behaviour is intended to mirror closely the behaviour of the already supported Index Total Return Futures.

### **5. Basket of Total Return Futures**

Users will be able to combine several TES Trades in the instruments belonging to several ETRF products in a single basket transaction. This basket will need to be approved as a whole by the approving users and all the related TES trades will be executed together.

### **6. Eurex EnLight enhancements**

The Eurex EnLight service will be enhanced to further improve the negotiation workflow. The allocation algorithms already present on the T7 Trade GUI will be further extended and improved.

### **7. Extension of trading and clearing hours**

The trading hours for Eurex benchmark products will be extended to cover the Asian core market hours. Trading system T7 is planned to be available Monday to Friday daily from morning 01:00 CET to evening 22:00 CET.

## **Reports**

The following new reports will be introduced with T7 Release 7.0:

- TE590 – Eurex Improve Trading Indications
- TT136 – Pre-trade Risk control

There will be changes in the existing derivatives market reports, e.g.:

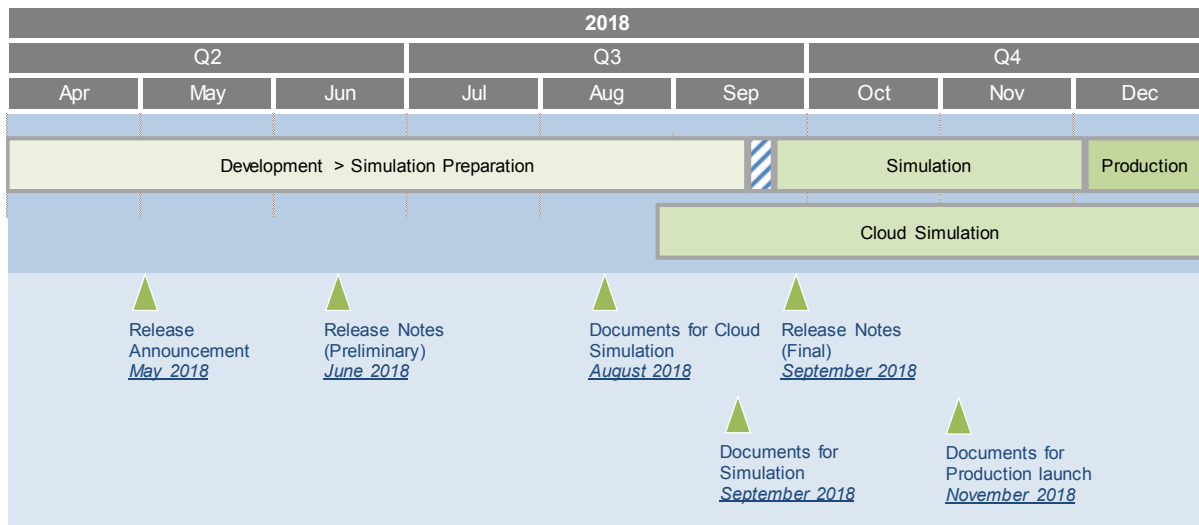
- TE540 – Daily Order Maintenance
- TE545 – Daily TES Maintenance
- TE600 – Eurex EnLight Maintenance
- TE610 – Eurex EnLight Best Execution Summary
- TE810 – Daily Trade Confirmation

- TE910 – Daily Trade Activity
- TT132 – Market Maker Protection

Please note that the list of affected reports might change until the publication of the Final Release Notes.

### Implementation and communication schedule

The production launch of T7 Release 7.0 is planned for 3 December 2018. The following diagram gives an overview of the introduction schedule:



Deutsche Börse AG will provide a dedicated release simulation environment in order to give Trading Participants the opportunity to perform comprehensive testing of their trading applications, independently of the T7 production environment. The simulation period for T7 Release 7.0 is planned to start on 24 September 2018.

In addition to the T7 Release Simulation, Participants can also use the T7 Cloud Simulation that allows Trading Participants and Independent Software Vendors (ISVs) to test against the current T7 production and simulation software versions. In this environment, Participants can initiate predefined market scenarios and test specific strategies more easily than in a shared environment. The T7 Cloud Simulation is permanently available (24/7) for a fixed price per hour and is accessible using an SSL-encrypted internet connection. The T7 Cloud Simulation will start in advance to the usual release simulation.

For more information on the T7 Cloud Simulation please refer to the Eurex website [www.eurexchange.com](http://www.eurexchange.com) under:

#### **Technology > Eurex T7 Cloud Simulation**

Eurex Exchange is committed to providing Participants and ISVs with information updates throughout the development of T7 Release 7.0 in order to support adequate planning and to ensure a successful launch.

In June 2018, Eurex Exchange will publish the detailed preliminary release notes listing the functional and technical enhancements that will be available in T7 Release 7.0.

The following existing documents will be revised for T7 Release 7.0. Preliminary versions (identified by ◆) will be published in June and August 2018, simulation versions (identified by ■) will be published in September 2018, and final versions (identified by ●) will be published in September, October and November 2018 prior to the production launch.

T7 Release 7.0	Eurex	Xetra	Combined	Q1 2018			Q2 2018			Q3 2018			Q4 2018									
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec							
<b>Release Notes</b>																						
T7 Release 7.0 Release Notes	X	X							◆			●										
<b>Simulation</b>																						
Participant Simulation Guide			X									●										
<b>Overview and Functionality</b>																						
T7 Functional and Interface Overview			X									●										
T7 Cross System Traceability			X									●										
T7 Functional Reference			X									●										
T7 Incident Handling Guide			X									●										
Participant and User Maintenance Manual	X	X										●										
Contract Notes Description		X										●										
Known Limitations			X									■		●								
<b>GUI Solutions</b>																						
Trader, Admin and Clearer GUI – User Manual	X	X										■		●								
T7 Trader, Admin and Clearer GUI – Installation Manual			X									■		●								
<b>Trading Interfaces</b>																						
T7 Enhanced Trading Interface – Manual incl. Repository and Header files			X									◆	■	●								
T7 Enhanced Trading Interface – XML Representation			X									◆	■	●								
T7 FIX Gateway – FIX 4.2 and 4.4 Manual incl. Fiximate and Repository			X									◆	■	●								
<b>Market and Reference Data Interfaces</b>																						
T7 Market-, Enhanced Order Book- and Reference Data Interfaces, Manual incl. Fast Message Template, Repository & FIXML Schema Files			X									◆	■	●								
Xetra Instrument Reference Data Guide		X										●										
T7 Extended Market Data Services – Manual incl. Fast Message Template and Underlying Ticker Data			X									■		●								
<b>Reports</b>																						
XML Reports – Reference Manual	X	X										■		●								
Common Report Engine User Guide			X										●									
<b>Network Access</b>																						
N7 Network Access Guide			X									●										
<b>Rules &amp; Regulations</b>																						
Xetra Rules & Regulations		X															●					

The documents will be available on the Eurex website under the link:

**[Technology > T7 Trading architecture > System documentation > Release 7.0](#)**

Please note that dates are preliminary and subject to change.

If you have any questions or require further information, please contact your Group Client Key Account Manager Trading. Alternatively, please contact your Technical Key Account Manager using your VIP number or via e-mail to: [cts@deutsche-boerse.com](mailto:cts@deutsche-boerse.com).

25 May 2018