



# Open Day 2016

Eurex C7<sup>®</sup> release 3.1

Werner Mühlpfordt

5 October 2016



# Contents

**02** Average pricing

---

**03** Automatic close-out

---

**04** Adjustments of preliminary priced transactions

**05** Automatic position conversion

---

**06** Four eyes principle –  
C7<sup>®</sup> Derivatives Clearing GUI

---

**07** AMQP FIXML broker  
maintenance change

# Average pricing

## General

- § Merge of multiple transactions into one at a volume-weighted average price
- § Demerge is allowed also after certain adjustments
- § Average pricing is available via both GUI and FIXML
- § Forecast values will be displayed on the GUI or can be submitted for validation via FIXML

## Merge

The transactions for merge are all in the same instrument, booked all as to-open on the same account and on the same side (long or short) and are only on-exchange, multi- or bilateral trades from the same trading day. Merge is also possible on T+1, T+2.

- § The average price will have 7 decimal places, the resulting residual will be paid / received.
- § The new transaction will have a new transaction ID and suffix 0.
- § The new field 'Related Transaction ID' (added to the original transaction) will keep the relationship between the transactions visible for the user.
- § Further adjustments except average pricing will be allowed
- § A new transaction type (011) and trade type (51) are introduced.
- § Merge on KRX / TAIFEX products or preliminary priced trades is not allowed.

## Demerge

Demerge will be allowed only on the original merge account for transactions with trade type 51 which are still adjustable and booked to-open. Demerge is also possible on T+1, T+2.

- § The original transactions will be booked at their original prices as the residual is paid / received back.
- § Individual demerged transactions are booked at their original transaction IDs, with suffix incremented.
- § A new transaction type (012) is introduced.
- § In case of Trade Reversal an automatic demerge with transaction type 007 is processed, only the original non-mistrade transactions receive transaction type 012.

# Automatic close-out

## Definition

- § Participants can instruct the system to automatically close out open positions **during end-of-day processing**.
- § Automatic close-out equally reduces the long and short side of an open position, prior to the assignment process.
- § Participants can specify, per position account, if they would like the system to close out the **maximum available** long / short quantity or if it should only close-out **up to the current zero cost quantity**.
- § For products without late closing fees, the ZCQ is always ignored and the maximum quantity is closed out.

## Characteristics

- § Participants can enable automatic close-out behaviour **separately for each account**.
- § Two account parameters are added to configure the 'automatic close-out' functionality:
  - § the 'automatic close-out flag' and
  - § the 'use ZCQ' flag.
- § A user can set these parameters ...
  - § via GUI in the automatic parameter maintenance window.
  - § during the initial account set-up (using the upload sheet).
  - § by using the separate automatic parameter upload functionality.
- § Automatic close-out is booked with a new transaction type '129'.
- § The CB012 account statement report will be extended with transaction type '129'.
- § The CB770 and CB771 account maintenance reports will be extended with two parameters for automatic close-out

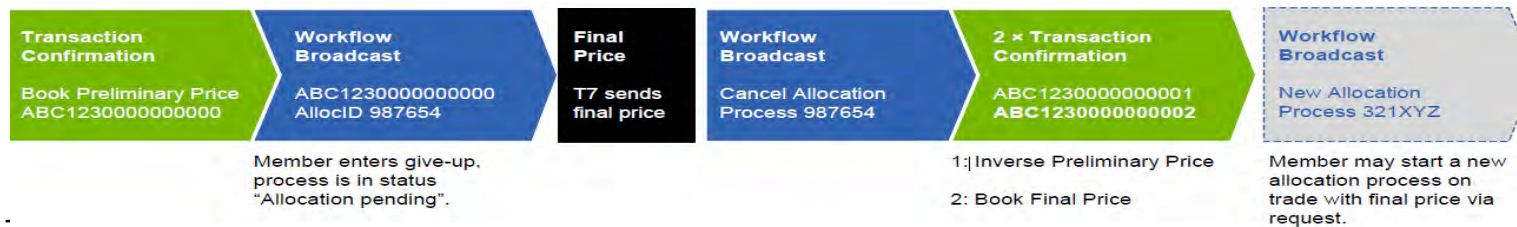
# Adjustment of preliminary priced transactions

## Definition

- § Transaction management is enabled for preliminary priced transactions (for **variance futures** and **total return futures**).
- § Off-book (TES) preliminary priced trades are supported and processed the same way with regards to transaction management.
- § *Average price adjustment* is not possible for preliminary priced transactions.

## Characteristics

- § Transaction adjustments on preliminary priced transactions are marked by the preliminary price tag.
- § Give-up specific behaviour:
  - § In case a give-up / take-up sequence has been **completed** before the final price gets applied, booking out of the preliminary transaction and addition of the final priced transaction will occur for the take-up member.
  - § A give-up in state "Allocation **pending**" will be automatically cancelled when the final price trade comes in:



- § -
- § Trade capture reports for transaction adjustments
- § GUI transaction window
- § GUI give-up, take-up windows
- § Allocation reports
- § CB750 give-up trades overview and CB751 take-up trades overview reports

## Automatic position conversion (flex-to-standard and flex-to-flex)

### Definition

An automatic conversion of flexible positions will be performed if certain parameters change. There are various circumstances that require the update of contract parameters and may lead to such automatic position conversion:

- § The generation of new standard series in the system may yield a **standard contract that has identical parameters** to an already existing flexible contract (e.g. identical strike price and identical expiration date). In that case, positions in flexible contracts will be converted to positions in the new standard series.
- § **Corporate actions:** update of strike price, trading unit etc. may require a position conversion
- § **Holiday maintenance:** if the expiration date of a long running flexible contract becomes a holiday, expiration is shifted to the previous business day.

### Characteristics

- § Automatic position conversion occurs start-of-day (after corporate action processing)
- § If an identical standard contract has been created, flexible positions will be booked out and re-booked into a standard position with Tran Type 117.
- § Flexible positions modified by corporate actions or changes to the holiday schedule will be booked-out and re-booked with Tran Type 117.
  - § If such processing would yield a position that is identical to a pre-existing flexible position, the existing position will be increased instead of creating a new position.
- § Automatic position conversion will be tagged with transaction type '117 Position Conversion' on the transaction overview window in the C7<sup>®</sup> Derivatives Clearing GUI.
- § For both the original and newly created positions after conversion, position maintenance report messages will be sent. The Tran Type on these will be '1003', the transfer reason will be '117'.
- § The CB012 account statement report will be extended with transaction type '117'.



# Four eyes principle – C7 Derivatives Clearing GUI

## General

Four eyes principle is applicable for

- § **Manual exercise**
- § **Abandon**
- § **Position transfer with cash**

Available for actions performed via the C7® Derivatives Clearing GUI

- § **Approvers will no longer be required to enter their credentials on the requester's GUI**
- § **Approval windows will be accessible via the personal login**

## Processing

A pending approval request is created for each action subject to the four eyes principle. Not completed requests will be deleted at the end of the business day.

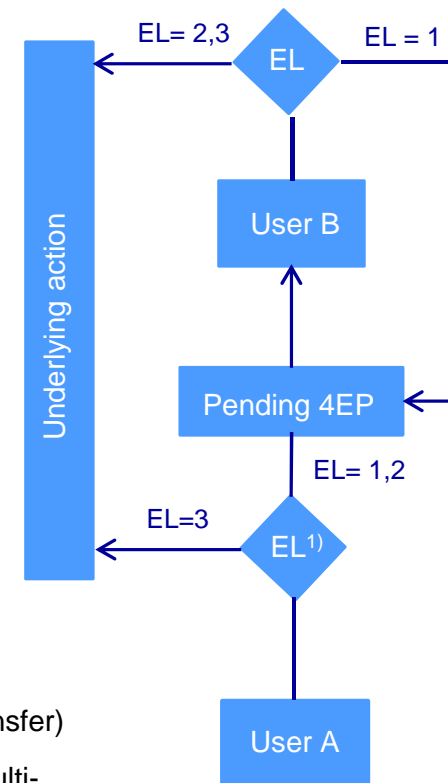
Special cases:

- § **Exercise:** a price check is done at initiation of 'Exercise' *and* when processing the four eyes principle request.
- § **Position transfer with cash:** each individual action (add / delete / reject / approve / deny / accept) may be subject to four eyes principle validations.

## GUI features

- § A new tab for four eyes principle menu
- § Overview window showing number of pending requests per type (exercise, abandon, position transfer)
- § Approval is performed on the detailed four eyes principle – clearing windows (one per type) as multi-approval is possible
- § Four eyes principle are not supported via simplified outsourcing or FIXML.

## Completion of a pending four eyes principle request



1) Entitlement level

# AMQP FIXML broker maintenance change

## Definition

- § To prepare further speed-up of booking cut processing, the FIXML broker maintenance logic of the Eurex C7<sup>®</sup> system will be amended.
- § Unconsumed FIXML messages will expire from the queues 24 hours after their generation, instead of being purged during the nightly booking cut (present logic).
- § Application properties of all messages will be amended by the 'business\_day' property.
- § The body of FIXML messages is not affected by this change.

## Characteristics

- § Queues will no longer be purged during broker maintenance. Instead, messages unconsumed within 24 hours of their generation will continuously expire from the queues.
- § For this purpose, AMQP's header annotations will be amended by the TTL (time to live) parameter.
- § Clients will not be disconnected from queues during broker maintenance.
- § No shutdown or restart of the broker will be performed during the nightly booking cut.
- § Addition or removal of queues will be processed during broker maintenance (no change).
- § The human readable text of the nightly maintenance message, currently stating "<TxtLn Txt="AMQP Broker will be down in 5 minutes"/>" will be modified to <TxtLn Txt="AMQP Broker will undergo maintenance in 5 minutes"/>.
- § With the new logic and in case of late message consumption, scenarios are possible in which a FIXML queue holds messages from distinct business days. To ease processing in such case, the new application property 'business\_date' is added to all messages.





Thank you for your attention!

If you have any questions or require further information,  
please contact your **Key Account Manager**  
or send an e-mail to [memberservices@eurexclearing.com](mailto:memberservices@eurexclearing.com).

