T7 Release 11.0

Cash Market

September 2022
**Agenda**

- Introduction and Overview
- Pre-Trade Risk Limits based on Notional Value
- Enhancements for Xetra EnLight Quotes
- Message Encryption for ETI Low Frequency Gateways
- Changes to Short Code processing logic (Modifications in XML report field and XML report TR 166)
- Further Changes and Enhancements
1 Introduction & Overview
# Overview of Xetra T7 Release 11.0

## Main Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>T7 Xetra XETR</th>
<th>T7 Börse Frankfurt XFRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-trade Risk Limits for Xetra based on Notional Value</td>
<td>X</td>
<td></td>
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<tr>
<td>Enhancement for Xetra EnLight Quotes</td>
<td>X</td>
<td></td>
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<tr>
<td>Message Encryption for ETI Low Frequency Gateways</td>
<td>X</td>
<td>X</td>
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</tbody>
</table>

## Backwards compatibility

- **Backwards compatibility for trading interfaces**: NO
- **Backwards compatibility for market & reference data interfaces**: NO
Introduction Schedule

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>T7 Cloud Simu</td>
<td>12 Aug 2022</td>
</tr>
<tr>
<td>Simulation</td>
<td>12 Sept 2022</td>
</tr>
<tr>
<td>Production</td>
<td>21 Nov 2022</td>
</tr>
</tbody>
</table>

**Release Milestones**

- Rel 10.1 permanent Simulation 12.08.
- Rel 11.0 Cloud Simulation 12.09.
- Rel 11.0 Simulation 21.11.

**Milestones for 2022**

- Release Notes for R 11.0 (Preliminary) July 2022
- Documents for R 11.0 Cloud Simulation Aug 2022
- Release Notes for R 11.0 (Final) Sep 2022
- Documents for R 11.0 Simulation/Production Sep 2022
- Documents for R 11.0 Production Nov 2022

**Milestones for 2023**

- Production
- Simulation
- T7 Cloud Simu
Publication Schedule

- **Cloud Simulation** (identified by ◆) will be published in July / August 2022
- **Simulation versions** (identified by ■) will be published in September 2022
- **Production versions** (identified by ●) will be published in September / November 2022
- All documents will be available on www.xetra.com under:
  Technology > T7 trading architecture > System documentation > Release 11.0
Pre-Trade Risk Limits (PTRL) based on Notional Value
PTRL functionality introduced for Xetra on-book trading

PTRL offer improved risk management for CCP cleared products

Key Features

- Trading participants (TP), Clearing Members (CM) and Xetra Exchange can set limits for daily max notional value of order & quote entries/modifications/executions per product & trading side

- PTDL can be set by:
  - Xetra for participants
  - CMs for clearing-related participants
  - TP for user risk groups (new type for assigning PTDL)

- TPs define limits via T7 Admin GUI while CMs define limits via T7 Clearer GUI

- PTDL can be maintained via ETI/GUI

- Long & short limits can be defined per product (intraday changes become effective immediately)

- Exchange defines which products are eligible for new PTDL functionality
PTRL based on Notional Value

Terminology & Mechanism

• **PTRL Definition** = Setting of PTWL by EX, TP or CM

• **PTWL Consumption** = Accumulated notional value of open orders & quotes per trading side and net position of trades executed per trading side throughout the day

• Prior to acceptance of an incoming order/quote transaction, order will be checked whether **PTWL Consumption**, which at that point in time will include the notional value of new incoming transaction, will exceed **PTWL Definition**:
  – If incoming transaction would cause violation of any of PTWL Definitions, incoming transaction will be **rejected**
  – Deletions of open transactions always lead to a reduction of PTWL Consumption, they are always accepted

Calculation

• Xetra PTWL are limits to notional value* (quantity multiplied by PTWL reference price; ref price is determined at time of entry/ modification of order/quote)

• Once execution take place, price is used to determine **PTWL Consumption** of executed orders/quotes & **PTWL reference price is used to reduce open order/quote PTWL Consumption**

**Calculation of PTWL Consumption is:**

PTWL Consumption **Buy** = Quantity of open orders (quotes) on Buy side * PTWL reference price + Net Position Buy

PTWL Consumption **Sell** = Quantity of open orders (quotes) on Sell side * PTWL reference price + Net Position Sell

Net Position (Buy/Sell) reflects the executed notional value and is reset to 0 at start of day

* Eurex PTWL are defined as quantity limits
For IOC, BOC and FOK orders, complete quantity will be considered for evaluation of PTRL Consumption at time of order entry/modification.

For VDO & Iceberg orders, full quantity will be considered for evaluation of PTRL Consumption at time of the order entry/modification.

For orders with the restrictions (Auction Only, Intraday Auction Only, Opening Auction, Closing Auction, Trade at Close) PTRL Consumption will only be evaluated at time of order entry/modification (not at start of auction call phase).

In case of Market Reset, restated orders are re-accumulated as open limits of respective trading sides.

Trade Reversals will not cause an update of the net position.
3 Enhancements for Xetra EnLight Quotes

Non-recoverable Xetra EnLight Quotes
New distinction of Xetra EnLight HF and LF Quotes
Frequency Restriction for Xetra EnLight Quotes
Non-recoverable quotes for Xetra EnLight

Key Features

- Only non-recoverable Xetra EnLight quotes will be offered to minimize its (persistency layer) footprint
- Only the state of Xetra EnLight quotes can be recovered (no history)
New distinction of HF and LF quotes for Xetra EnLight

Key Features

- New attribute will differentiate between Xetra EnLight HF & LF quotes
- HF/LF attribute can be set at time of Xetra EnLight quote entry

Features Xetra EnLight LF quotes
- Will be distributed to all sessions of all Xetra EnLight respondents & requesters
- Will be persistent in case of T7 session loss of submitting session & can be recovered
- Automatic pulling of quotes will be possible

Features Xetra EnLight HF quotes
- Will only be distributed to submitting session of related Xetra EnLight respondent & all subscribed sessions of BU of requester of related Xetra EnLight negotiation
- Will be deleted in case of T7 session loss of submitting session (no recovery possible)
- Automatic pulling of quotes will not be possible
Frequency Restrictions for Xetra EnLight

**Key Features**

**Distribution of LF quote information**
- LF quote information will always be distributed immediately
- Frequency of LF quotes will be limited on respondent level (for each negotiation) by LDS server & will be configurable
- Deletion of LF quotes is always possible

**Distribution of HF quote information**
- Only first HF quote within a negotiation will be published immediately (follow-up HF quotes will be stored only in Negotiation context)
- Later HF quote information will be distributed per time interval/frequency in form of a snapshot of all HF quotes (on negotiation level) if there are additional quotes
- Frequency for HF quote information/snapshots might vary up to several milliseconds
4 Message Encryption for ETI Low Frequency Gateways
An additional FIX LF connectivity option via an additional port will be provided.  

• Additional connectivity option for ETI Low Frequency Gateways will be offered, supporting payload encryption via OpenSSL (TLS 1.2 – restricted cipher-suites)  

• Further details will be contained in the Network Access Guide under xetra.com > Technology > T7 Trading architecture > System documentation > Release 11.0
5 Changes to Short Code processing logic
(Modifications in XML report field and XML report TR 166)
MiFIR Reporting: Adaptation of the Shortcode-Longcode processing

- Differentiation between StatusIndicators N and M
  - New records must be registered with StatusIndicator N and will be rejected if the shortcode in the affected Mapping is already registered for that MemberID and MIC
  - Modification of existing records must be conducted with StatusIndicator M and will be rejected if the shortcode in the affected mapping is not already registered for that MemberID and MIC

- Changes to acceptable ValidFromDates depending on the StatusIndicator
  - Modifications and Deletions (StatusInd M or D) no longer accepted with ValidFrom T-1 or T
  - ValidFromDates in the future restricted to T+1 for all Status Indicators

- Rejection of modifications (StatusIndicator M) that would result in the ClassificationRule changing

- Enhancement of the TR166 Identifier Mapping Final Error report to include lists of all affected short codes in addition to the counts in the current format

Related Documentation -- FWB

<table>
<thead>
<tr>
<th>Document</th>
<th>URL</th>
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<tr>
<td>XETRA Circular 044/22</td>
<td><a href="http://www.xetra.com">www.xetra.com</a> &gt; Newsroom &gt; Circulars &amp; Mailings</td>
</tr>
<tr>
<td>Reporting Handbook MiFID II/MiFIR v.3.7</td>
<td><a href="http://www.xetra.com">www.xetra.com</a> &gt; Newsroom &gt; Current regulatory topics &gt; MiFID II and MiFIR</td>
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</table>
6 Further Changes and Enhancements
### Further Changes and Enhancements (1/2)

<table>
<thead>
<tr>
<th>Xetra EnLight AutoEx Expiry Time now defined as Duration</th>
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<tbody>
<tr>
<td>▪ Expiry time for Xetra EnLight AutoEx quote collection will be defined by requester as a duration (not anymore as a point in time)</td>
</tr>
<tr>
<td>▪ Once negotiation event started, actual AutoEx expiry time will be calculated based on duration &amp; disseminated in notifications and reports as today</td>
</tr>
<tr>
<td>▪ Change will avoid problems with synchronization of clocks between participant &amp; T7 in case of short AutoEx durations below 500 ms</td>
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<tr>
<th>Change in Handling of Historical ETI News and risk notification messages</th>
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<tbody>
<tr>
<td>▪ Sequence number of ETI News &amp; ETI risk notification messages will be reset to 1 overnight each day (no historical messages via ETI)</td>
</tr>
<tr>
<td>▪ Historical News messages will be offered via T7 Trader GUI &amp; historical risk notification messages will not be offered anymore</td>
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<tr>
<th>DSCP in EOBI to indicate unchanged BBO</th>
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<tr>
<td>▪ Differentiated Services Field Codepoints (DSCP) in packet header for EOBI messages will reflect special situation when matching order does not improve Best Bid Offer (BBO) while moving the midpoint of best bid and ask.</td>
</tr>
</tbody>
</table>
Further Changes and Enhancements (2/2)

<table>
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<tr>
<th>Modification of Minimum Quote Size</th>
<th>- Minimum quote size will be aligned with the minimum order size (valid also for fast markets)</th>
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</table>
| Modification of XML report TL001  | - Two modifications of XML report TL001 System Transaction Overview:  
- Format of field limit to be modified from numeric 9 to numeric 11  
- Field aT to be removed from text report & displayed only in XML report |
| Removal of Issuer Mnemonic from RDI / RDF | - Issuer mnemonic field will be removed from RDI & RDF interfaces:  
- RDF: All Tradable Instruments file. Issuer Mnemonic (column 108 respectively DD). |
Thank you!

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