

XONTRO[®]

XONTRO Newsletter

Financial Institutes

No. 38

(English Version)

Within XONTRO, the following modifications will be introduced:

As of 8 June 2009: XONTRO Release 27.2 / Xetra Release 10.0
(several adaptations)

Note:

This Newsletter No. 38 describes some adaptations for XONTRO (Release 27.2) resp. Xetra (Release 10.0) to be introduced into production as of 8 June 2009. As the modifications depicted in this newsletter will be activated within the XONTRO simulation environment (IMS27) as of 23 March 2009 (start of Xetra Release 10.0 simulation) already, the description of those has been published as of now already. The remaining XONTRO Release 27.2 adaptations to become valid in production as of 8 June 2009 will be described in a separate newsletter to be published in the near future.

1. Adaptations within XONTRO for the Xetra Release 10.0

1.1. Overview

Within the Xetra Release 10.0 framework, the following features will be introduced having some relevance for the XONTRO system, too:

- New order types for Xetra
- Trading in currencies unlike Euro on Xetra Frankfurt
- Introduction of the CCP on Xetra Frankfurt 2 – further adaptations

These modifications will be described in detail below.

1.2. New order types for Xetra

Viewed from the outside, the „Discretionary Order“ corresponds to a Limit Order in Xetra; aside from the normal, “visible” limit, however, the order contains another, hidden, “more aggressive”, the “Discretionary Limit”, which is capable to trigger the order at an earlier point already. The “Discretionary Limit” is, however, not included into the order as an “absolute” limit, but rather in the form of a so called “Discretionary Range”, which gives the (maximal) deviation from the “visible” limit; this range is positively signed along with buy orders and negatively signed along with sell orders. For a deeper understanding of the Discretionary Order, the relevant Xetra literature is referred to.

Within the MT500/MT501, the Discretionary Order is marked within the field 32L, first line, by the „(Signed) Discretionary Range“, and in the second line by the value “DI” within the field “Limit Supplement”. A post hoc modification of the Discretionary Range, e.g. within the MT595, is not possible. Nor will there be a special flag indicating that an execution or trade was based on a Discretionary Order, neither within the execution confirmation (MT519), nor within the contract note (MT512).

Along with a „Midpoint Order“, the so called „Minimum Acceptable Quantity“ („MAQ“) may now be specified, e.g. on the occasion of a possible partial execution. Within the MT500/MT501, the MAQ specification has to be inserted into the field 35A (“Peak-Size-Qty”). For further information regarding the Midpoint Order or the MAQ, the corresponding Xetra publications are referred to.

The forwarding of the other new Xetra order type, the „Non-persistent Order“, via SAKI or XONTRO Order onto Xetra, is not intended.

1.3. Trading in currencies unlike Euro on Xetra Frankfurt

In addition to the modifications having already been introduced within the former Xetra Release 9.1, all entries into XONTRO Trade and destined for the "Frankfurt Floor" location will now be rejected, too, in case the ISIN used is set up at Xetra Frankfurt having a (trading or settlement) currency unlike Euro. Within XONTRO Order, by means of an administrative act, the ISIN will be delisted on the Frankfurt Floor in these cases; as a result, no more order entries or price fixings will be allowed in these instances. – A similar logic had already been implemented for ISINs having foreign currencies on Xetra Frankfurt 2.

On trading floors unlike Frankfurt, however, on-exchange as well as OTC trades will continue to be allowed in Euro, too, in these cases – under the provision that the respective ISIN is listed accordingly on these other floor exchange locations.

1.4. Introduction of the CCP on Xetra Frankfurt 2 – further adaptations

Along with the onset of the new release it is now technically possible to receive the so called „Order Level Netting (OLN) Contract Notes Data Carrier“, as well as the so called „Clearer Contract Notes Data Carrier“ for trades having been executed on Xetra Frankfurt 2, too. For trades having been executed on Xetra Frankfurt, this option was given since the introduction of the CCP on Xetra and the Frankfurt Floor already.

As the reception of these additional contract notes data carriers appears to make sense, however, only in cases where the "Central Counterparty" ("CCP") has already been introduced to the respective trading platform(s), and as it is not yet planned to introduce CCP instruments on Xetra Frankfurt 2 – neither for the Xetra 10.0 Release Simulation, nor for the Xetra Frankfurt 2 production environment –, the comprehensive introduction of these additional contract notes data carriers for the participants was eventually turned down. In the future event of CCP instruments to be set up on Xetra Frankfurt 2, too, another separate simulation phase is to be set up as well, in which these new data carriers will then be made available to the participating community, too. BrainTrade will keep you informed about these future developments yet to come in due time.

1.5. Further documents

For further details about the release changes, the following two documents are referred to:

a) the description of the „S.W.I.F.T Message formats for contract notes, trade confirmations and CCP trades in XONTRO Trade“, version 21.1, valid as of 8 June 2009; this document may be retrieved using the following link:

http://www.xontro.de/fileadmin/media/documents/KI_Dokumentation_SAKI/SWIFT_DT_R211_20090112_20090608-E_01.pdf

b) the „Technical Connection“ for Financial Institutes, version 5.2, valid as of 8 June 2009; this document may be retrieved using the following link:

http://www.xontro.de/fileadmin/media/documents/KI_Dokumentation_SAKI/1_swift_xontro_5.2_engl.pdf

2. Further adaptations within the “System Connection for Financial Institutes” (“SAKI”)

Aside from the modifications depicted in the previous chapter, there will be some further adaptations for the so called “System Connection for Financial Institutes” (“SAKI”). These have already been communicated to the SAKI participants in two XONTRO circulars dated 14 January 2009 and 13 February 2009. The main focus of those will briefly be highlighted again below:

- Insertion of a new label 50: („Trading System Identification“) within the Message Types MT500, MT501, MT519, MT551, MT595, and MT596
- Introduction of a new event notification „SAKIE“ („SAKI-END“), as well as the new „ORDCH“ Subsidiary Rights key „EXRS“ („Reverse Split“) within the MT551
- Introduction of a new value „D“ (for „Default“) along with the scope definition for the message exchange within the messages sent from the bank to the system, within the MT000 and MT001

Please consider the fact that these modifications will be activated within the XONTRO production environment (IMS1) as per 8 June 2009, but within the simulation environment (IMS27) as per **Monday, 23 March 2009**, already. On 23 March 2009, the generation procedures are scheduled to begin at 08.00 am. In order to avoid problems due to message formats being incompatible to the program version(s) used, the XONTRO functions will remain on halt and the transactions will remain to be blocked at the beginning on that morning. Thereafter, the following modifications will be activated:

- Extensions of several SWIFT messages bound for the SAKI participants (cf. the list above)
- EMC converter adaptations
- Activation of the modified interface for Xetra 10.0

In order to ensure an error-free functionality for the SAKI, those XONTRO Order participants who utilize the EMC converter for their SAKI should have the EMC converter modification version “EMC XONTRO Order V 5.1.0” installed and/or activated at their sites until the transition date indicated latest; participants who use their own inhouse applications instead of the EMC converter should likewise have these readily adapted and/or activated for the transition date indicated (cf. again the hints from the XONTRO circular dated 13 February 2009).

For further details about the release changes described, the following document is again referred to:

The „Technical Connection“ for Financial Institutes, version 5.2, valid as of 8 June 2009; this document may be retrieved using the following link:

http://www.xontro.de/fileadmin/media/documents/KI_Dokumentation_SAKI/1_swift_xontro_5.2_engl.pdf