

# XONTRO<sup>®</sup>

XONTRO Newsletter

Financial Institutes

No. 44

English Version

This newsletter describes several modifications in XONTRO **to become valid in production as of 22 March 2010.**

Besides, you will be informed about the introduction of the FIX Interface.

In addition, you are kindly requested to regard the additional notes at the end of this newsletter.

## 1. Interest Calculator

Within the XONTRO 3270 dialog, a new function called BxIN ZR "Interest Calculator" ("Zinsrechner") will be introduced. Using this function, an arbitrary ISIN and an arbitrary nominal amount may be entered; as a result, the interest days, the interest amount, plus several other specifications will be output.

A combined input/output mask will be used:

```
TRAN: BCIN FC: ZR SB:

XONTRO / ZINSRECHNER                                7123/99 KUSELER-BANK AG

GATTUNG      NOMINALE      ZUSATZANGABEN
XS0217870434 10000.....

XS0217870434 8,75% VIRGIN MED.FI. 04/14                15.A/O

                INSGESAMT      1. TEILPERIODE      2. TEILPERIODE
ZINSVALUTA      15.02.10
ZINSBETRAG      165,48                131,25                34,23
ZINSTAGE        121                54                    67
ZINSSATZ        8,75                8,75                  8,75
AUFSATZPUNKT    15.10.09                15.10.09              09.12.09
TRENN-TERMIN/-TAGE 01.04.10/14
METHODE         6
DIVISOR         360
INDEX-KOEFFIZIENT 0,00
POOLFAKTOR                1,00                0,210172

-- ID-KZ: 7123456789 -- PW:          ----- B9998140 -- 11/02/10 -- 11:20:12 --
F4 ABBR  F5 NEUE EINGABE  F6 MENU  F11 ABMELD
BC0080I BITTE DATEN EINGEBEN
```

### Entry:

Using the entry line, the following entries are allowed:

Gattung: ISIN, German WKN or mnemonic  
Nominale: Nominal amount or number of shares traded  
Zusatzangaben: „AS“ ("deviant contraction date") including the trade date used  
                  „FZ“ ("fixed value date") including the value date used  
                  „DV“ ("foreign exchange rate") including the exchange rate used

Along with the entry of a (deviant) contraction date and value date, the same rules as for the trade entry used hitherto will apply:

No inclusion of a contraction date -> Trade date = Today  
No inclusion of a value date -> Standart settlement period (T+2) or International Value Date (T+3) will be used

### Output:

After having hit the ENTER or PF3 key, the entries remain visible, the “full name” of the instrument appears, and the remaining output fields are filled.

The fields are to a large extent self-explanatory. Specifically, the following features should, however, be noted:

The “Aufsatzpunkt” (starting point) is the day from which the interest days, either altogether or within the respective “Teilperiode” (partial period), will be counted: In simple cases, this will be the (past) interest date, in many cases the begin date of the interest run, a virtual interest date, a date for the change of the interest rate or of the pool factor between two interest dates, etc. Along with minus interests, the “Aufsatzpunkt” represents the following interest date in the future, and so on.

In principle, partial periods will be calculated in the following cases:

- Trades using the ISDA method, if one part of the coupon falls into a leap year and the other one into a normal year. This case may occur in the beginning of 2012 as earliest.
- Trades using the actual/actual method and having an elongated coupon. Regrettably, due to technical reasons, the separate display of the partial periods will not yet be possible.
- Along with an interest rate or pool factor change between two interest dates. These incidents appear to be rather exotic (even though a “life” example was found on the occasion of compiling this newsletter).

In case of more than two partial periods being existent, only the two oldest periods are displayed.

In the „Info“ line, error messages are displayed (missing master data, no bond, ...), or a remark indicating a “flat” listing.

Using the „PF5 NEUE EINGABE“ („new entry“) key, all inputs and outputs are deleted, the empty mask remains visible, new entries are possible.

As is true for all XONTRO dialog masks, the interest calculator is available in German only.

## **2. Bonds having a Delay**

This bond type represents an instrument type where the interest date in the sense of “first interest period day” and the interest date in the sense of “interest payment date” fall apart. In the future, XONTRO will be able to process these types of bonds correctly, too.

### **3. Fixed Value Date „Delivery vs. Payment” (DVP) and Settlement Period T+1**

As already announced via the XONTRO circular dated 26 January 2010, the option to provide the “FZ” (Delivery versus Payment) value date specification with the date of “T+1” will be given. Until now, the “FZ” (DVP) value date may only have been provided with a date of “T+2” until up to “T+90”. It should be recognized that trades having a “FZ(T+1)” value date specification may only be cancelled at trade/entry date until 08:30 p.m. (online trading session end). Of course, this option is only available for direct (OTC) trade entries by banks, as well as for “manual” trade entries by intermediaries.

Within the *clearstream* systems, the following rules are valid:

Since such a trade will be provided for settlement disposition at value date within the SDS1 run (10:00 a.m.) earliest, it may still be blocked resp. be released before, until 09:30 a.m. the latest, and/or may be released anew for the SDS2 processing until 01:45 p.m. latest, thus still enabling the settlement disposition on T+1 (within the SDS2 run). A released position which, due to lacking coverage, was not provided for settlement disposition within the SDS1 run, may then still be blocked until 01:45 p.m., too.

Presumably as of 21 June 2010, the value date specifications “FO” (Delivery Free of Payment, DFP) and “FV” (Delivery and Payment, DAP) will be abolished.

### **4. Compense Order Abolition**

As already having been announced within the XONTRO Year End Newsletter 2009, the compense order (an order using the trade type C = compensation) will be abolished. The price fixing supplement “C” will, however, be retained. In contrast to the former announcement, the option to enter “C” as a trade type by the intermediaries using the BxEM GE dialog mask will furtheron be allowed.

Compense orders being active at production launch date will automatically be set to “expired” during the end-of-day batch on Friday evening before launch date. Similar to orders having expired “normally”, no further messages will be distributed to the trading members.

### **5. Subscription Orders**

XONTRO has always been used as a vehicle for the processing of subscription orders. This functionality will now be improved in that, within the subscription period, the orders will be considered subscription orders. This means that, independently from the validity limit having been rendered by the order issuer, during the subscription period all orders will be re-set to “valid until end of year”. After the expiration of the subscription period (one day after the end of the subscription period ear-

liest) the subscription price will be determined. Where applicable, the pricing intermediary deletes all invalid orders having been issued before (e.g. sell orders), performs the price fixing, and then completes the post-processing routines. After the post-processing has been finished, a quotation suspension will be issued, thus deleting all subscription orders still active at that time.

## 6. Order Acceptance Deadline

At present, an order acceptance deadline still exists for *Pfandbriefe* at the Frankfurt (11:00 a.m.), Berlin (12:00 noon), Hannover (12:00 noon), and Stuttgart (12:30 p.m.) stock exchanges. This order acceptance deadline will be abolished at all stock exchanges. Besides, there exists another acceptance deadline in Munich; this deadline is now deposited within MAX-ONE and will also be abolished.

## 7. Tick Size Key 7

The Tick Size Key value 7 will be introduced to the Hamburg and Hannover stock exchanges. According to this key value, for instruments quoted in units, the following threshold values will be used for both limits and prices at both exchanges:

Price	Tick Sizes
< 10.00 €	0.001 €
< 50.00 €	0.005 €
> = 50.00 €	0.01 €

Until now, the Tick Size Key value 7 has only been used in Munich.

## 8. EG (“Event Driven”) Order

The boerse stuttgart has scheduled the introduction of so called “EG” (“Event Driven”) orders. Along with the introduction of this new order type, the order types

- Stop Limit,
- One-cancels-other, and
- Trailing Stop

will be mapped. The relevant activation/implementation rule to be applied is to be deposited within the text field.

These order types can only be entered using the so called System Connection for Banks (SAKI). The deletion of these orders may, however, be entered at any time – and via the 3270 emulation dialog as well. An EG order modification is not possible.

After the insertion of an EG order, the bank initially receives a preliminary acceptance message. Only after the QLP (Quality-Liquidity-Provider) responsible for the instrument traded at the boerse stuttgart has acknowledged the order acceptance, the final acceptance message will be sent back to the bank. The QLP will only reject the EG order in cases where the activation/implementation rule specified cannot be interpreted properly. In these cases the rejection is amended by a detailed error code. Details outlining the EG order handling may be found in the “Technical Connection” description, version 5.4, as well as in the document “Feldbeschreibung EG-Order” (available in German only) issued by the boerse stuttgart. Both documents may be obtained via the XONTRO/BrainTrade home page [www.xontro.de](http://www.xontro.de).

## **9. 3270 Dialog Function Optimization for Collective Order Entries**

The 3270 dialog function BxEB EK “Collective Order Entry per Customer” will be suspended. Using the function BxEB EG, collective order entries per instrument may furtheron be performed.

## **10. MT 599 Extension**

As has already been announced via a XONTRO e-mail circular dated 25 November 2009, the following modification will be introduced within the contract notes data carrier message type MT599 (assignment of orders to contract notes): Within label 79, 1<sup>st</sup> line, the trade type (record type) of the corresponding trade will be included in addition.

This modification affects the contract notes data carrier transmitted by file as well as the transmission of the MT599 messages via the so called System Connection for Banks (SAKI). The current description may be found within the current “Technical Connection” description, as well as within the “S.W.I.F.T. Message format for contract notes...” description under [www.xontro.de](http://www.xontro.de) and using the path XONTRO / Banks / Documentation SAKI.

## **FIX Interface Introduction**

Supplementing the existing System Connection for Banks (SAKI), BrainTrade has been implementing a new order routing interface using FIX. The FIX protocol versions V4.2 and V4.4 will be supported. In a first step, messages for the transmission, modification and deletion, as well as for the execution of orders, will be supported.

OTC (direct trade) entries, as well as the distribution of trade enrichment data, will be enabled in a second step, which will follow in the near future.

The so called FIX Gateway will be ready to be used for testing and simulation purposes presumably by the end of April 2010. As judged from today's viewpoint, the production launch will be scheduled for the XONTRO Release 28.2, dated 28 June 2010.

Further information and documentation may be obtained upon request. For these purposes, the following persons may be contacted:

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## **Additional Notes**

The dialog handbook XONTRO for Financial Institutes has been revised completely and can now be retrieved, using revision date January 2010, from the internet under [www.xontro.de](http://www.xontro.de) and following the path "XONTRO -> Banks -> Documentation Dialog". At present, however, this handbook is available in German only.

Besides, with regard to the field assignment along with direct (OTC) trades by banks, the following should be noted: Up to now, along with direct (OTC) trades by banks, the entering party resp. originator has always been identical to either of the two counterparties. Meanwhile, however, it is possible for direct (OTC) trades to be entered by a "trading member only" (account group 32 "XO-NUR-HANDELSTN." within the KUSTA database), who does not do the settlement by himself. Within both trade confirmations / contract notes, the "trading member only" will then be given as the originator (label 72, 1<sup>st</sup> row, within the MT512). Within the field "counterparty" (label 82D), the trading member's settlement institute will be given. Since the originator should also be regarded as the economic buyer or seller in these cases, the originator will additionally be given as "TEILN-V" ("selling participant") or "TEILN-K" ("buying participant") on line and in the print file list, and in label 87F in the MT512. This corresponds to the logic applied hitherto along with broker-mediated trades of a "trading member only" in XONTRO, or along with "non-clearers' trades" from the pre-CCP-time in Xetra.