

XONTRO[®]

XONTRO Newsletter

Financial Institutes

No. 51

(English Version)

This newsletter contains

- Changes in the subscription functionality in XONTRO as per 20 June 2011

Changes in the subscription functionality

1) Price notations

In addition to the current price notations (for on-exchange deals) new price notations will be admitted. Using these, the pricing intermediary (Skontrof hrer) can fix as many subscription prices as he wants.

From a functional point of view, the new price notations have the same meaning as those hitherto known; they mark

- the price as a subscription price, and
- the resulting execution and deals as off-exchange.

The new price notations can be entered (from a merely technical point of view) at all times, even outside the subscription period. Vice versa, the actual price notations (on-exchange) can also be entered during the subscription period. There is no check against the subscription period.

The new price notations are as follows:

New	Meaning (in German)	Meaning (in English)	Functional equivalent to (German)	Functional equivalent to (English)
P	bezahlt Primaermarkt	paid primary market	bezahlt	paid
RGP	rationiert Geld Primaermarkt	scaling down bid primary market	rationiert Geld	scaling down bid
RBP	rationiert Brief Primaermarkt	scaling down ask primary market	rationiert Brief	scaling down ask
BGP	bezahlt Geld Primaermarkt	paid bid primary market	bezahlt Geld	paid bid
BBP	bezahlt Brief Primaermarkt	paid ask primary market	bezahlt Brief	paid ask
BP	Brief Primaermarkt	ask primary market	Brief	ask

Presumably, the new price notations will firstly be used in Stuttgart and – subject to the decisions of the Board – in D sseldorf.

2) Off-exchange flag

All deals resulting from a price with one of the new price notations will be marked as „off-exchange“ in the execution as well as in the contract note.

There is no additional check against the subscription period; only the new price notations are the relevant criteria.

3) „Subscription order“ mark

Within the receipt acknowledgement, orders entered during the subscription period will always be marked as subscription orders (GV-Code 061).

The labelling as a subscription order will take place during the whole subscription period. Up to now, this rule has only been applied until the first price fixing within the subscription period had occurred. The subscription period is identified by the date of "start of subscription" and the date of "end of subscription" (XD383 und XD384). The Status field has no relevance within this context.

There is no check in such a way that only subscription orders can be executed using a subscription price. If during the subscription period an „on-exchange“ price is fixed, all orders entered until that time will be covered by this price even if they have been marked as subscription orders. This also means that: If the subscription price is fixed one day after the end of subscription period, the price can contain orders not marked as subscription orders, because they had been entered on the day after the end of subscription period.

4) Miscellaneous modifications

During the subscription period only buy orders will be allowed. SB/SL orders, EG orders, and sell orders will be rejected. This means that there will only be buy orders to be executed, even if an „on-exchange“ price is fixed during the subscription period.

Independently from the limitation having been included by the order issuer, all orders entered during the subscription period will be converted to „valid until last trading day of the year“ resp. „final maturity“. If a subscription period begins in one year and ends in the year after, the orders entered during the „old“ year will automatically be limited to the last trading day (Dec 31) of the „new“ year; they will then not be deleted on the last trading day of the „old“ year. Up to now, this rule has only been valid until the first price fixing during the subscription phase; afterwards, the original limitation was restored.

Up to now, only after the fixing of the first subscription price, orders are held pending; orders entered during the subscription period and while the orderbook was frozen prior to the fixing of the first subscription price, have been rejected. In the future, all orders entered during the subscription period and while the orderbook is frozen will be held pending.

The changes described in 1) thru 4) above will come into effect as per 20. June 2011.

For completeness, here we also describe:

5) Properties of the subscription period functionality remaining unchanged

The brokerage applicable for the ISIN in question will still be calculated; during the subscription period WM will, however, normally set the brokerage key to 9 = no brokerage to be calculated (in Stuttgart: key value = 39).

Usually, the subscription price is fixed prior to the subscription date. Therefore, the orders executed are trades „when issued“. For these trades, the value date is automatically put forward onto the subscription date. In the normal case of subscription date = beginning of interest payment period, calculated accrued interests result to zero. Until 20 May 2011, the subscription value date was marked by a “FZ” flag; from 23 May 2011 on a “FE” flag will be used.

For a proper termination of the subscription period, the following procedure is recommended: Prior to the fixing of the (last) subscription price the pricing intermediary (Skontrof hrer) should cancel all orders which are not valid, fix the price, and then initiate a Price Fixing Suspension (FIXOF; “Kursaussetzung”), whereby all open (subscription) orders will be cancelled.