

Open Day – Deutsche Börse IT conference 2011

Xetra[®] 12.0 functionality and retail services

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Eschborn, 5 October 2011

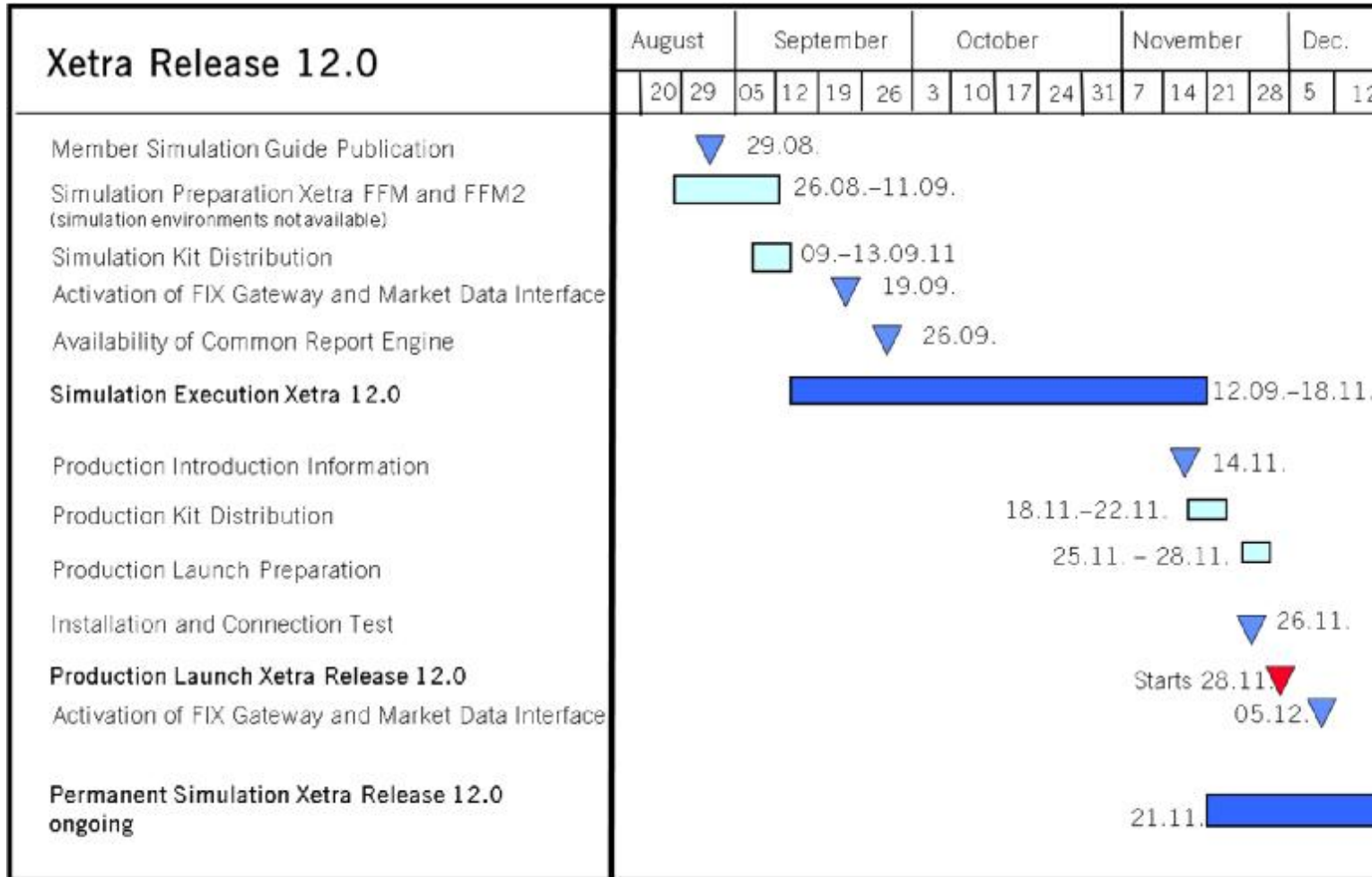


Agenda

- n Xetra[®] 12.0 release schedule
- n Xetra enhancements
- n Extended retail services

Xetra® 12.0 release schedule

Implementation roadmap



Xetra® 12.0 release schedule

Communication calendar

	Year	2011												
	Month	September				October					November			
	Day	05	09	19	26	03	10	17	24	31	07	14	18	28
Simulation Kit & Notes Circular	02.09.11	X												
Front End Installation Guide	05.09.11	X												
Front End Operations Guide	05.09.11	X												
Xetra J-Trader User Manual - Preliminary Version	05.09.11	X												
Common Front End Sizing Guidelines	05.09.11	X												
Simulation Kit & Notes	09.09.11		X											
Security Administration Manual	10.10.11					X								
Xetra Market Data Interface - Final Version	10.10.11					X								
Xetra FIX Gateway - FIX 4.4 - Final Version	10.10.11					X								
Xetra FIX Gateway - FIX 4.2 - Final Version	10.10.11					X								
Enhanced Broadcast Solution Interface - Final Version incl. delta	10.10.11					X								
Enhanced Transaction Solution Interface - Final Version incl. delta + Data Model Files	10.10.11					X								
Market Models	10.10.11					X								
Member FE Development Guide - Final Version including delta	10.10.11					X								
XML Report Reference Manual - Final Version including delta	10.10.11					X								
Exchange Rules & Regulations	07.11.11										X			
Check List Production	14.11.11											X		
Production Introduction Information including Kit & Notes Circular	14.11.11											X		
Xetra J-Trader User Manual - Final Version	14.11.11											X		
Production Kit & Notes	18.11.11												X	
Production Launch	28.11.11													X

Agenda

- n Xetra® 12.0 release schedule

- n Xetra enhancements

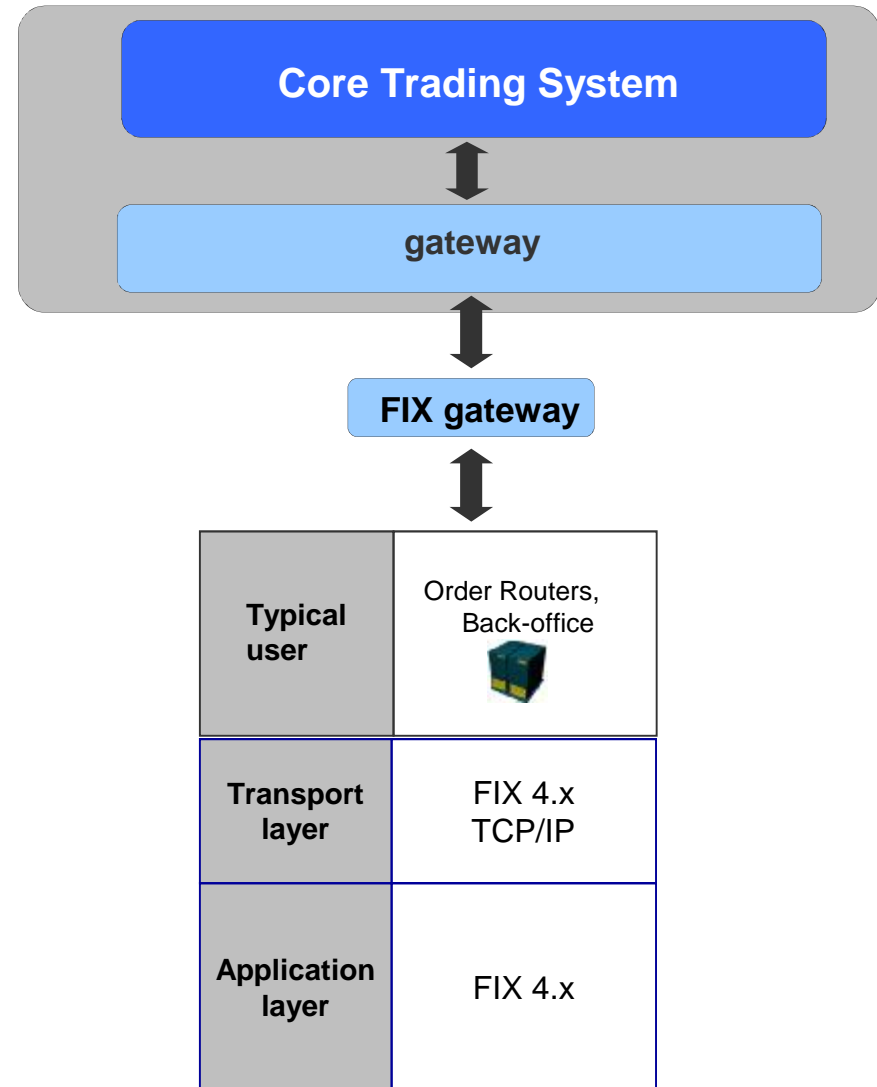
- n Xetra FIX Gateway
- n Enhanced Transaction Solution
- n VALUES API
- n strike match order
- n top-of-the-Book (TOP) - Order
- n cross request
- n quote entry for Xetra Frankfurt
- n market data interface
- n enhancements for auction prices without turnover
- n instrument reference data
- n multi exchange capabilities
- n clearing member stop button

- n Extended retail services

Xetra® enhancements

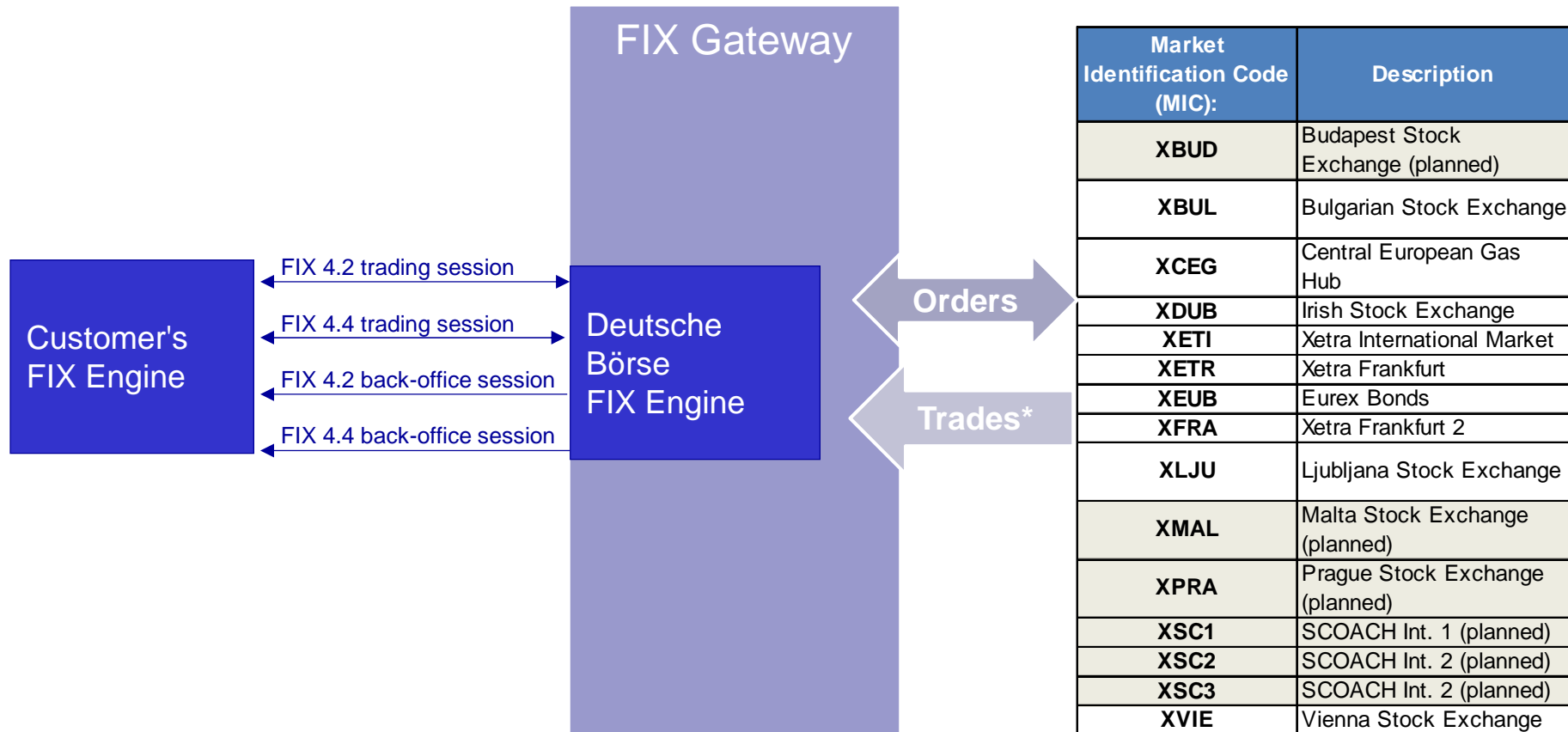
Xetra FIX Gateway

- n The Xetra FIX Gateway is a standard session-based FIX interface supporting FIX versions 4.2 and 4.4.
- n Functionality:
 - order management
 - ↔ **Trading session**
 - trade capture at a member level
 - ← **Back-office session**
- n Members are able to get access to different Xetra markets via a single FIX session.
- n Orders are routed to the appropriate market using the Market Identification Code (MIC) and ISIN or MIC and ISIX.



Xetra® enhancements

Xetra FIX Gateway – multiple Xetra markets can be accessed via a single FIX session



*For a clearing member the provision of all trade information for all its non-clearing members is additionally provided.

Xetra® enhancements

Enhanced Transaction Solution

- § **trade notifications at a member level**
- § **OTC trading and trade reporting**
- § **support for continuous auction and Xetra BEST**
- § **cross request**
- § **clearing member stop button notification**
- § **order inquiry on session level**
The response to the “inquire order or quote” request is going to provide all orders or quotes belonging to the session where the inquiry is sent from. Optionally it will be possible to filter for a trader subgroup.
- § **support order deletion via GUI**
Supports emergency procedures at the member site: the deletion of orders entered via Enhanced Transaction Solution will be supported using VALUES API or the J-trader GUI.
- § **client order ID added to trade notification**
Allows members to map their trade notification more easily to the underlying order.
- § **text fields (text1 and text2) added to order status notification.**

Xetra[®] enhancements

VALUES API

- n **Discontinuing unreliable order and quote broadcasts**

The private unreliable broadcasts “All Order Execution Confirmation” (O) and “Quote Execution Confirmation” (R) will be discontinued. This measure ensures that the performance for non-persistent orders as well as quotes is further improved.

- n **Cross requests**

The new VALUES request “Cross Request” has been added.

- n **Member status notifications**

Clearing member stop button notification will be provided via the new broadcast stream “Private Member Message” (L).

- n Please note: Xetra Release 12.0 will require the installation of GATE 3.5 and the corresponding GATE 3.5 update kit 3.

Xetra[®] enhancements

Strike match order

The strike match order builds a bridge between Xetra and Eurex[®].

- n can reduce 'pin risk' at the expiration of at-the-money single stock options:

∅ risk that trader ends up with an undesired position because of change in auction price just before the random end of the call phase

∅ risk is relevant for Eurex single stock options where closing price is determined using the Xetra closing auction

- n limit or market order with an additional limit:
 - first limit is identical to the (regular) limit of a limit order
 - second limit defines a minimum price for a buy and a maximum price for a sell order
- n only in 'continuous trading' model; implicitly 'closing auction only'

Auction order book with a strike match order

Price in €	Buy-orders volume in shares					Cum. volume
70	100					100
69						100
68						100
67		200				300
66			150			450
65	SMO			75		525
64						425
63					400	825
62						825
61	1	2	3	4	5	825

Definition: strike match order

§ order #1 is a strike match order that allows to define a minimum limit (65 €)

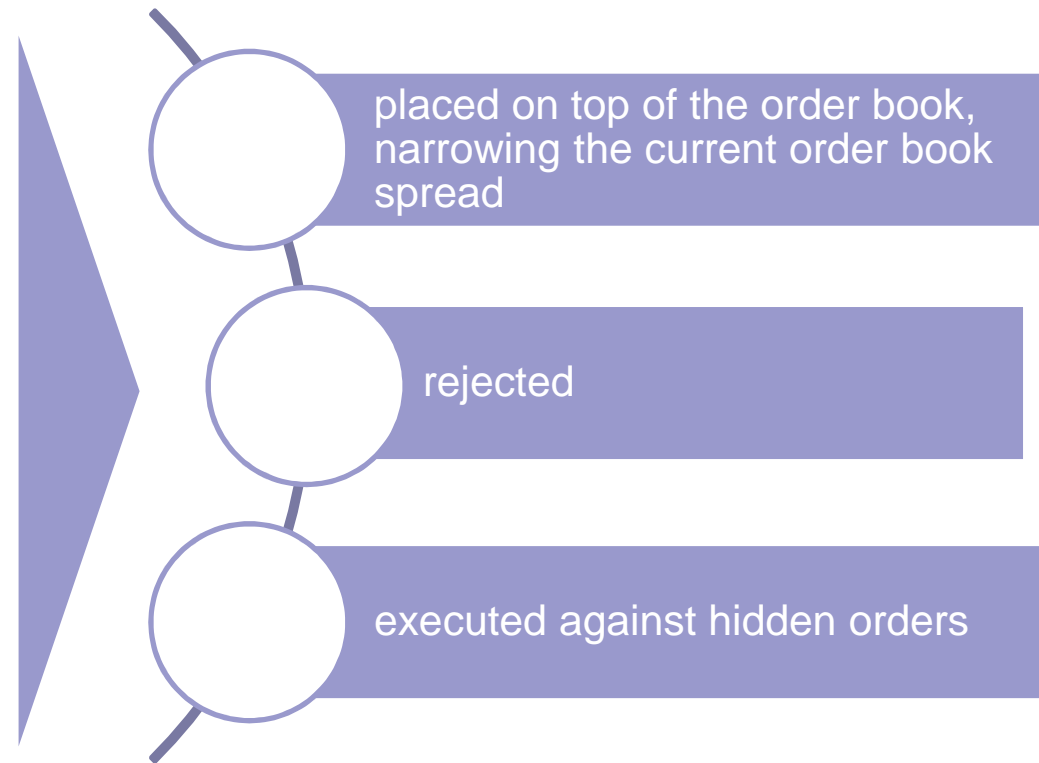
§ order is only executable, if price is between both limits

Xetra[®] enhancements

Top of book order

- § can only be entered via Enhanced Transaction Solution
- § always treated as passive in the billing process
- § continuous trading only
- § deleted as soon as an auction or volatility interruption is triggered

Top of book order scenarios in continuous trading



Xetra[®] enhancements

Cross request

- § A **crossing** is defined as intentional or unintentional execution of orders and quotes with proprietary accounts of the same member during continuous trading.
- § Using the cross request, all members are informed of a crossing or a pre-arranged trade that shall be executed in the Xetra order book.
- § Validity: Deutsche Börse will define a time frame where orders have to be entered.
- § Crossed and pre-arranged trades are flagged as exchange prices.

Members inform the market about their intention to execute a cross or pre-arranged trade (*instrument / quantity*) via :

- **Enhanced Transaction Solution**
- **VALUES API**
- **Xetra J-Trader / WebTrading**

Market is informed via:

- **Enhanced Broadcast Solution**
- **Xetra Market Data Interface**
- **VALUES API**
- **Xetra J-Trader / WebTrading**

Xetra® enhancements

Quote entry for Xetra Frankfurt

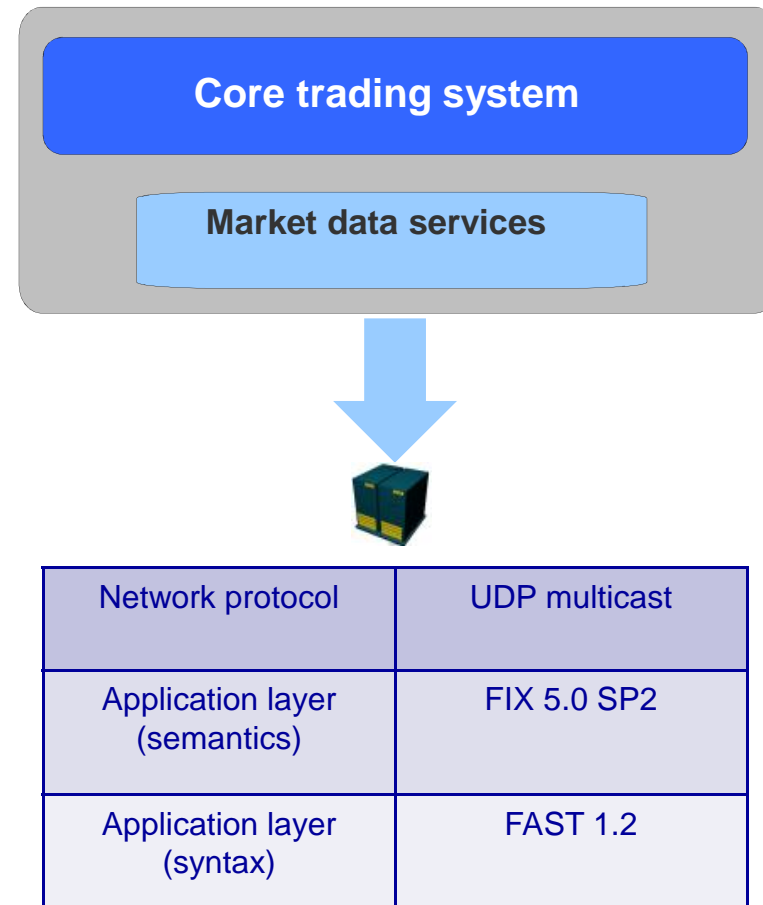
- § The entry of quotes with the designated sponsor account will be supported for all members and users in Xetra Frankfurt.
- § A dedicated license assignment is only necessary for instruments where an auction price without turnover might be determined (ETF, ETP).
- § The contractual role of a designated sponsor and the respective performance measurement is untouched by this functional change.

Xetra[®] enhancements

Xetra market data interface

Standard FIX market data interface for netted market data


Functionality	
Inside market	(in-band snapshot and delta)
Market depth	continuous trading: 5 continuous auction: 1
State changes	ü
Cross requests	ü
Ticker feed	ü
All trade prices	ü (via ticker)
Reference data	not included



Xetra[®] enhancements

Enhancements for auction prices without turnover

For Exchange Traded Funds (ETFs) and Exchange Traded Products (ETPs) an auction price without turnover is used by investors to value their positions.

 Aim → Enhance the probability of an evaluation price.

Assumption:

- § The designated sponsor responsible for an ETF or ETP knows the fair value of the instrument and may use it for quoting.

Solution:

- § Auction prices without turnover are determined in the closing auction even if the price would trigger a volatility interruption as long as the contractual designated sponsor provides a two-sided quote in the order book.

Xetra[®] enhancements

Instrument reference data

As of Xetra Release 12.0, the complete Xetra instrument reference data may be retrieved via three different sources:

- n **Enhanced Broadcast Solution**

Xetra instrument reference data is disseminated via the instrument reference data message (TID = 3) of the reference data stream.

- n **Deutsche Börse website**

Deutsche Börse publishes a daily updated file including all tradable instruments on Xetra on its website:

www.deutsche-boerse.com/xetrainstruments

Since 19 September 2011 the file has been available in the Xetra Member Section under the following path:

www.deutsche-boerse.com > *Trading & Clearing* > *Xetra Member Section* > *Xetra Information* > *Xetra Instruments*

- n **Common report engine**

Additionally, an instrument reference data file is provided via the common report engine on the Xetra backend for download.

Xetra® enhancements

Multi Exchange Capability

In order to ease the introduction of new markets / trading venues on Xetra:

- n The same ISIN may be listed in parallel on different markets on the same Xetra backend.
 - Functional Key: **Market Identifier Code** + ISIN
 - Technical Key: **ISIX** (market defined synthetic identifier) is unique per instrument and environment

It is recommended to use either **Market Identifier Code** + ISIN or **Market Identifier Code** + ISIX in your reference data repository for unique instrument identification.

- n New attributes are added to the instrument reference data:
 - ü trading calendar
 - ü settlement calendar
 - ü reference market
 - ü home market
 - ü reporting market

- n The new trading phase Holiday (“**HOLI**”) is introduced.

Xetra® enhancements

Flexible trading times for continuous auction

In trading model “continuous auction” the capability of handling single market segments in one environment is improved:

With Xetra Release 12.0 it is planned to have **different general trading schedules** as well as maximum durations regarding call and freeze phase for instruments in continuous auction with the help of a new instrument attribute:

ü **Exchange Segment Code**

This attribute identifies instruments having the same trading schedule parameters in continuous auction.

Xetra® enhancements

Clearing member stop button

Clearing members face the risk that their Non Clearing Members (NCMs) exceed their trading limits.

- § The stop-button is used by the clearing member to stop trading activities of their NCM.
- § Open orders and quotes of the NCM will be deleted, entering orders/quotes will no longer be possible for the NCM.
- § The entry or approval of OTC trades is no longer possible for the non-clearing member and also trade modifications are not allowed anymore.
- § The clearing member has the possibility to activate and de-activate the stop button functionality at any time during the regular trading hours.

Stop button is pushed
by clearing member

(using Xetra J-Trader GUI or WebTrading)

All orders and quotes of the trading
member will be deleted

(single deletion messages).

Legal text message is sent to the
suspended trading member.

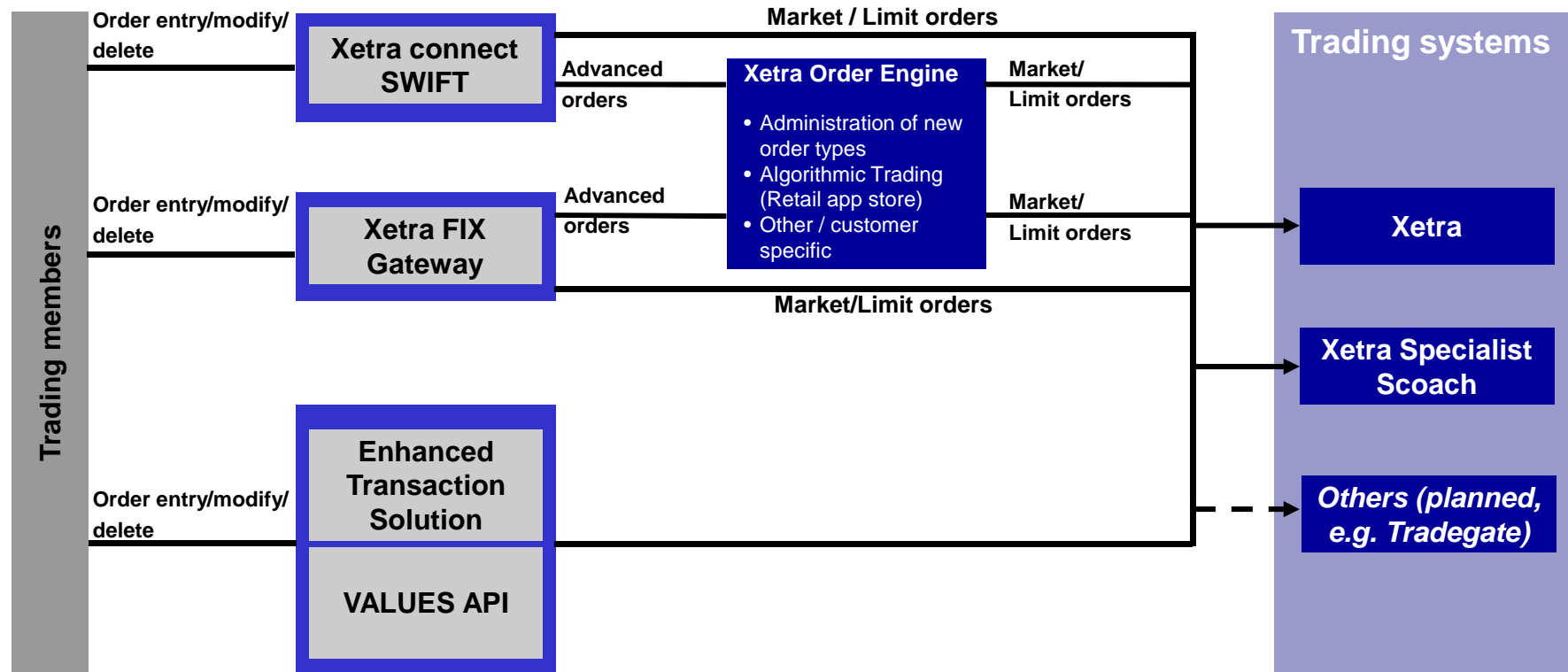
(Enhanced Transaction Solution: member status,
VALUES API: private member message).

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Xetra® Order Engine

Along with the new interface strategy, tailored solutions for retail investors will be created

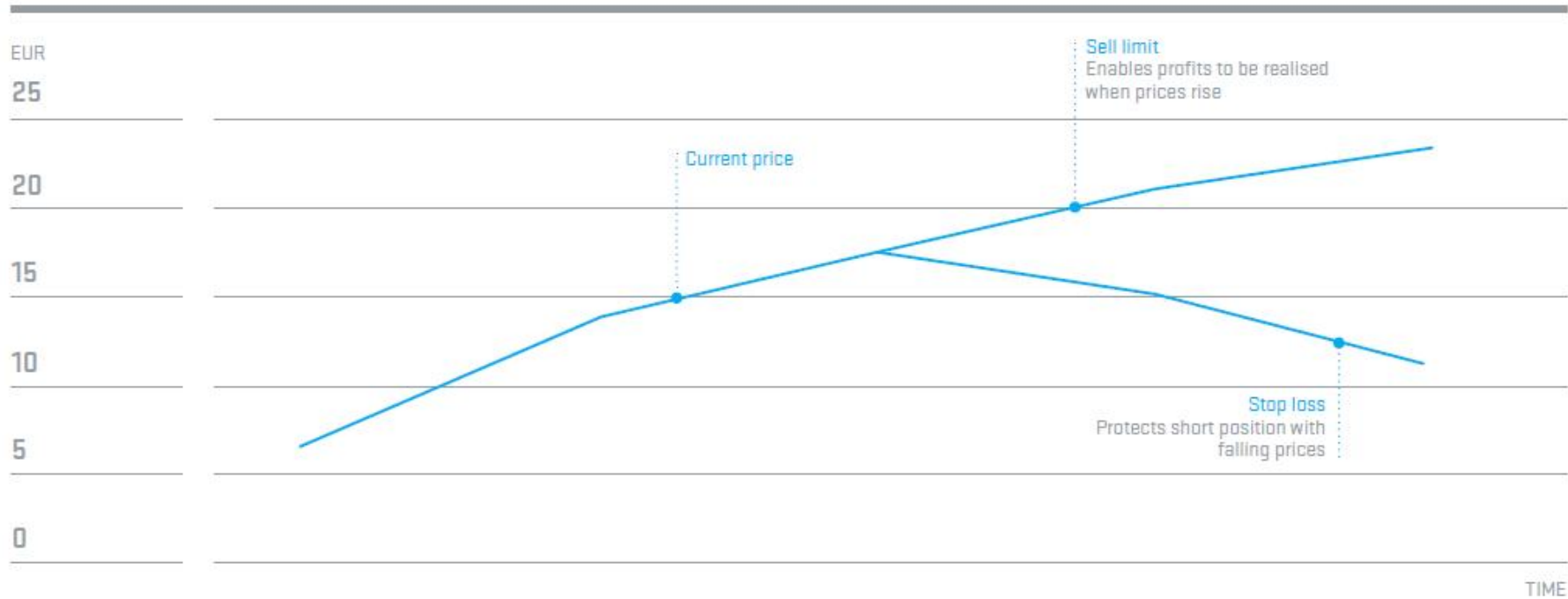


- § Xetra Order Engine provides a flexible solution for future requirements for retail trading
- § full access to all Deutsche Börse Group market models/venues
- § consistent functionality through central order management hub
- § low customer impact due to reduced dependency on releases of trading systems
- § eases migration to a trading system

Xetra® Order Engine

One-cancels-other order – two orders in one help to automatically react to market movement

CURRENT BID PRICE: €15 / SELL LIMIT €20 / STOP LOSS €12.50 /



Xetra® Order Engine

Trailing stop order – go where the market’s going and improve trading profits

CURRENT BID PRICE: €10 / TRAILING STOP DISTANCE: 5 PERCENT /
TRAILING STOP LOSS: €9.50 /



Quote	€10.00 / €11.00	€11.00 / €12.00	€13.00 / €14.00	€11.80 / €12.80	€11.35 / €12.35
Price	€10.00	€11.00	€13.00	€12.80	€12.35
Difference	5 PERCENT = 0.50	5 PERCENT = 0.55	5 PERCENT = 0.65		
Trailing-Stop-Loss	€9.50	€10.45	€12.35	€12.35	Sell order unlimited

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Thank you for your attention!

