

# Eurex - Asian Trading Hours Extension

Feb 2019



# Summary

## Key Facts

- Eurex extended its trading and clearing hours on 10 Dec 2018 to also cover the Asian time zone
- Products in scope are Eurex’ select benchmark futures and MSCI futures, options are out of scope
- Market opening is at 8am SGT; end of the trading & clearing day remains unchanged
- TES entry service (Block-, EFP-, EFS trades) is available from 08:15am SGT
- Please Note: Open GTC / GTD orders in THX relevant Futures can be executed in Asian Hours
- The Trading day starts with a Pre-Trading phase, followed by Pre-Opening & Opening Auction and Continuous Trading

Eurex extended hours – trading phases



\* Singapore time during Central European Summer Time. Time difference: SGT/CET: +7h; SGT/CEST: +6h

\*\* To optimize overnight processing, as of 25 Feb 2019, the post-trading phase is reduced from 30mins to 10mins (22:00 CET to 22:10 CET). The clearing services are not impacted and will continue to be available until 22:30 CET.

# Eurex Trading Hours Extension – Trading Activity (1/2)

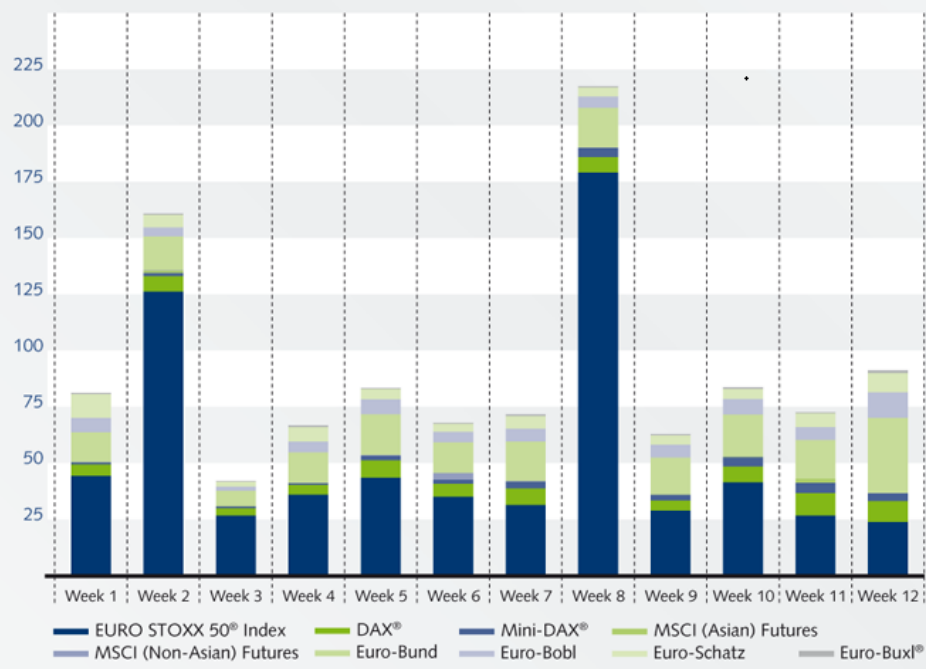
Eurex Trading Hours Extension offers attractive spreads and liquidity in European Benchmark products during Asian Hours. Futures on EURO STOXX and Euro-Bund trading at 1 tick spreads.

## Eurex offers attractive spreads during Asian Hours:

Product	Asian Hours	Core Hours
Euro STOXX 50	1 tick	1 tick
DAX	6 ticks	2 ticks
Mini-DAX	4 ticks	2 ticks
Euro-Bund	1 tick	1 tick
Euro-Bobl	1 tick	1 tick
Euro-Schatz	1 tick	1 tick
Euro-Buxl	3 ticks	2 ticks

Product	Asian Total	Asian ADV	% Off-book	% Agency
EURO STOXX 50® Index	643,823	11,923	0.0%	38.7%
DAX®	77,938	1,443	0.0%	42.0%
Mini-DAX®	29,222	541	0.0%	22.0%
MSCI (Asian) Futures	3,952	73	68.7%	63.8%
MSCI EM Asia	489	9	0.0%	36.7%
MSCI Japan	1,408	26	97.2%	97.2%
MSCI China Free	1,229	23	74.1%	59.3%
MSCI Australia	0	0	0.0%	0.0%
Others	826	15	0.0%	0.0%
MSCI (Non-Asian) Futures	4,441	82	54.2%	40.9%
Euro-Bund	200,493	3,713	0.0%	53.1%
Euro-Bobl	68,914	1,276	1.1%	41.1%
Euro-Schatz	65,840	1,219	0.0%	52.9%
Euro-Buxl®	7,648	142	0.0%	24.3%
<b>Grand Total</b>	<b>1,102,271</b>	<b>20,412</b>	<b>0.5%</b>	<b>42.1%</b>

Weekly traded volumes by product (in thousands) – Eurex Asian Hours  
01:15 AM CET to 08:00 AM CET  
08:15 AM SGT to 03:00 PM SGT



All data from:

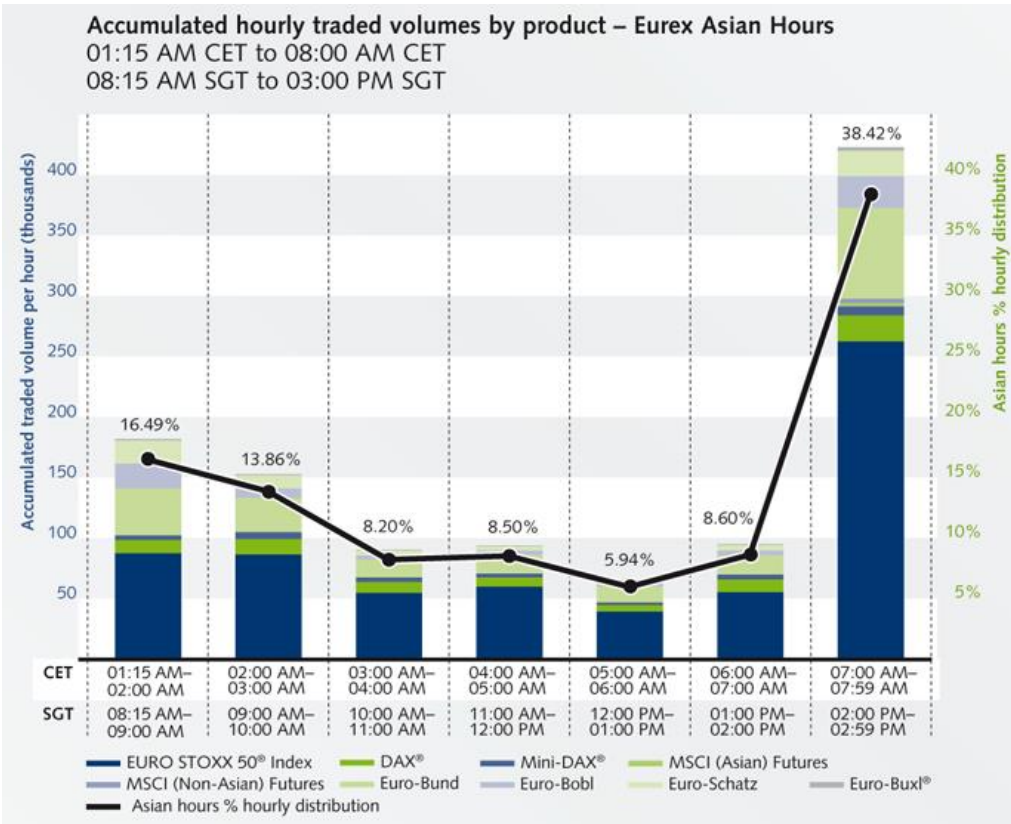
Week 1: Starting on 10<sup>th</sup> December 2018

Week 12: Ending on 1<sup>st</sup> March 2019



# Eurex Trading Hours Extension – Trading Activity (2/2)

Accumulated Hourly Traded Volumes show a healthy distribution of activity during the Asian time zone.



**Over 200 direct members have contributed to the liquidity during Asian hours with over 42% flow from end clients (Agency-Account)**

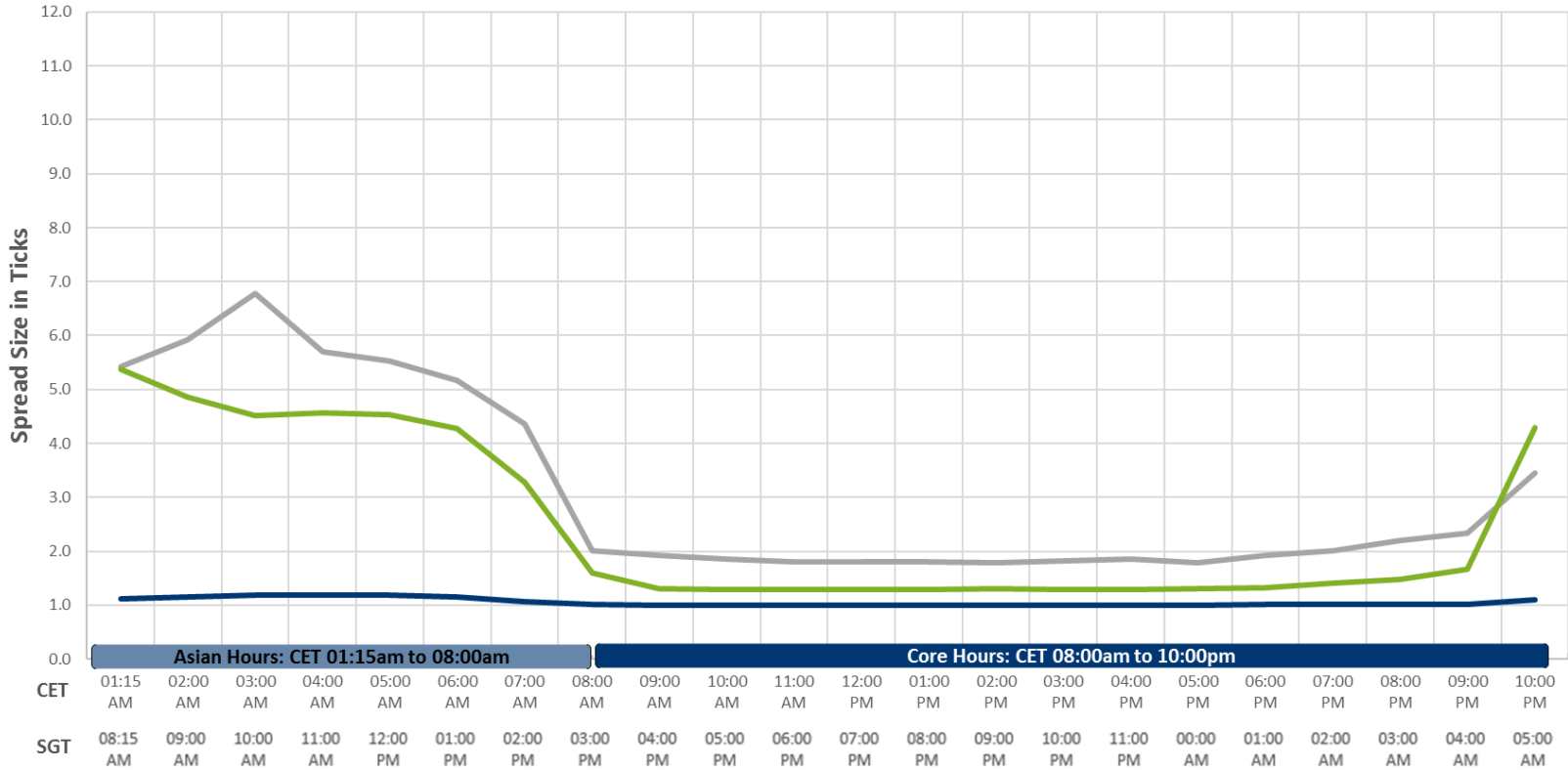
Total volume during Asian trading hours (single counted):	1,102,271 contracts
Trading participation - Account Roles*:	<p>31.2% on M-accounts (Market Making Account)</p> <p>42.1% on A-accounts (Agency)</p> <p>26.7% on P-accounts (Principal)</p>
Total number of active Eurex Members:	206 (accumulated)

All data from:  
 Week 1: Starting on 10<sup>th</sup> December 2018  
 Week 12: Ending on 1<sup>st</sup> March 2019



# Eurex Trading Hours Extension – Orderbook Quality (1/2)

Equity & Index Average Hourly Spread

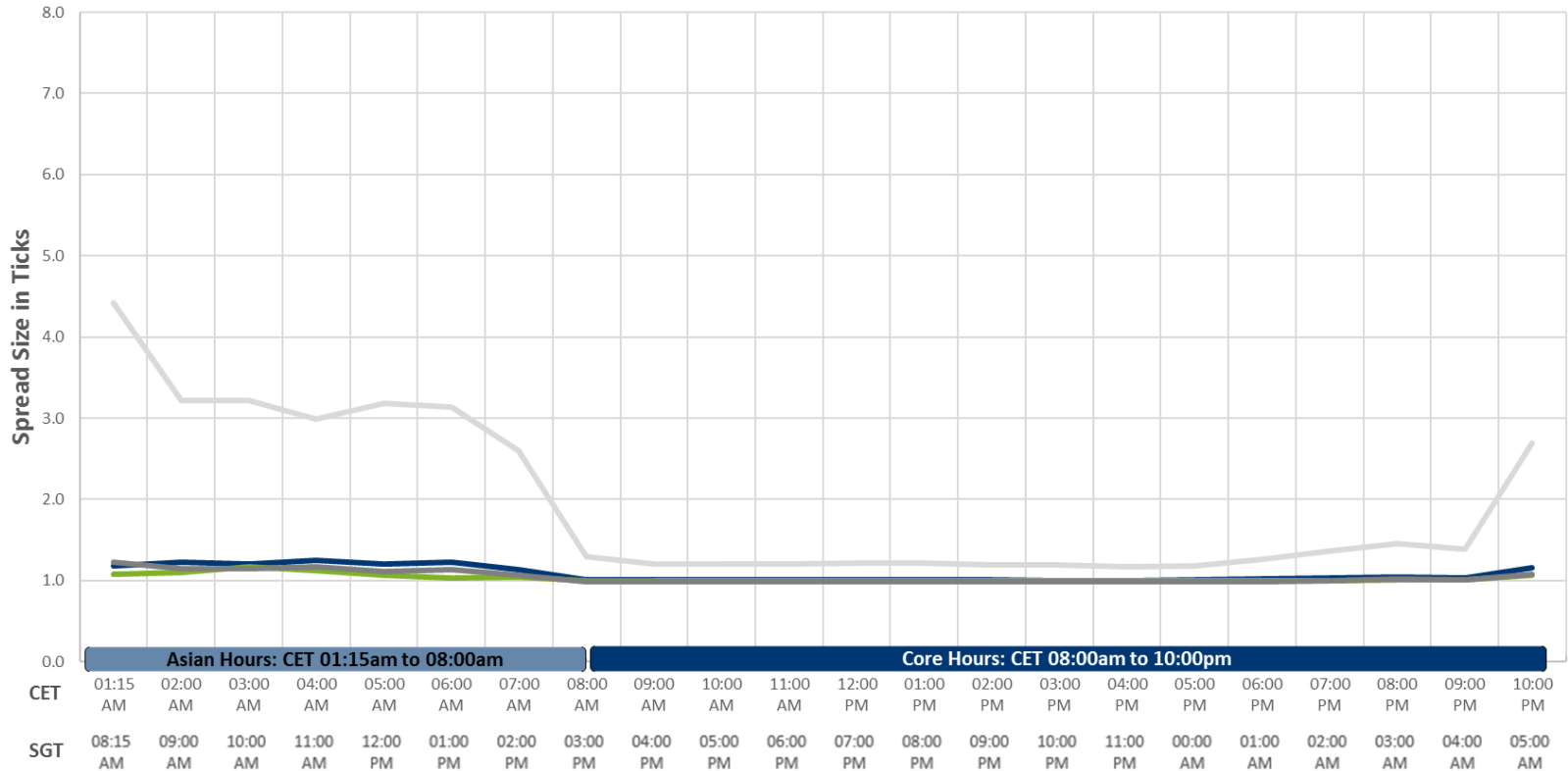


Products - Average Spread (in ticks) during	Asian Hours	Core Hours
— EURO STOXX 50® Index Futures (FESX)	1	1
— DAX® Futures (FDAX)	6	2
— Mini-DAX® Futures (FDXM)	4	2



# Eurex Trading Hours Extension – Orderbook Quality (2/2)

Fixed Income Average Hourly Spread



Products - Average Spread (in ticks) during	Asian Hours	Core Hours
— Euro-Bund Futures (FGBL)	1	1
— Euro-Bobl Futures (FGBM)	1	1
— Euro-Schatz Futures (FGBS)	1	1
— Euro-Buxl Futures (FGBX)	3	1



# APPENDIX

# Product Scope for Eurex Asian Trading Hours

## Equity Index Futures

- Liquid Benchmark Futures
  - **FESX (EURO STOXX 50 Futures)**
  - **FDAX (DAX Futures)**
  - **FDXM (Mini DAX Futures)**
- All Eurex MSCI Futures

## Fixed Income Futures

- Liquid Benchmark Futures (Germany)
  - **FGBX (30y - Buxl Futures)**
  - **FGBL (10y - Bund Futures)**
  - **FGBM (5y - Bobl Futures)**
  - **FGBS (2y - Schatz Futures)**



## Major Design Elements – Trading

### General

- All trading functionalities available including T7 Trade Entry Service (TES)
- Full re-use of existing Eurex membership, technical infrastructure, login data and trader IDs

### Market Integrity

- **Risk Protection for Liquidity Providers (LP):** the Eurex system provides LPs with various features for system-based risk protection. With these tools, LPs can significantly constrain operational and market risks, preventing too many simultaneous trade executions on quotes provided by a LP
- **Volatility Interruption:** the risk that markets decline in large price drops is not only a result of market orders but also limit orders. To guard against that, in its benchmark products, the Eurex system validates every single trade against price bands within given time frames. If the system concludes that price determination lies outside the price bands, it automatically stops regular order book trading
- **Market Supervision:** on-going level of support during trading hours, using various parameters and triggers to monitor abnormalities in the order book activity and ensure there is a fair and orderly market

### Liquidity Provision

- Liquidity Provision programs available for the Asian time zone, combined with attractive incentive schemes for qualifying Liquidity Providers (more information on LP schemes upon request)
- Continuous quotes during Asian trading hours will be provided by our partnering Liquidity Providers

## Major Design Elements – Clearing & Risk

### General

- Clearing and risk functionalities available during Asian trading hours
- Full re-use of existing Eurex Clearing membership, technical infrastructure, login data and Member ID
- Intraday Risk Management; Intra-night Margin calls to be fulfilled during Asian trading hours
- Staff must be reachable during Asian trading hours
- Post-trade functionalities expected to be available for select benchmark products during Asian hours

### Risk Management

- Risk functionalities (portfolio-based margining methodology) currently used during the regular trading hours to be applied during the Asian trading and clearing hours for active products (further optimisation and analysis ongoing)
- Advanced Risk Protection handling (level 1: alert, level 2: slow down, level 3: halt) based on PRISMA calculations available during Asian trading and clearing hours
- No changes to default management process
- Same Intraday risk reports as of today (e.g. CI042, CI050, CI060) offered during the Asian trading hours to members on Common Report Engine (CRE)
- Real time risk monitoring and consistent margin call procedures during Asian trading hours
- Margin calls to be fulfilled in AUD or via existing USD payment infrastructure during Asian hours

## Major Design Elements – Clearing & Risk

### Margin Calls during Asia Trading Hours

- Existing margin call procedures for activities during the standard trading session will remain unchanged
- Overnight margin calls are auto debited the following morning by 8am CET (EUR) / 9am CET (CHF/GBP)
- Regular intraday margin calls may be issued between 8am CET and 10pm CET (today's practice)
- New: Margin calls during Asian trading hours shall only be issued in the case of position changes (i.e. no intra-night margin call solely based on market movements)\*
- Calculated overnight shortfalls are “set to zero”, i.e. Eurex Clearing will consider overnight margin calls as fulfilled by the start of Asian hours, even though the call will only be debited by 8am CET (EUR) / 9am CET (CHF/GBP). Eurex Clearing will treat all collateral pools flat or over-collateralized for the start of the Asian trading hours\*
- Eurex Clearing will only issue a margin call during Asian hours, if the intraday margin limit has been exceeded (in general 10% of the Clearing Member's overnight margin requirement per pool)\*

\*subject to regulatory approval

## Major Design Elements – Clearing & Risk

### Margin Calls - Mitigating Measures

- Clearing Members can pledge additional cash / non-cash collateral with Eurex (i.e. over-collateralization) during regular hours on the preceding business day to avoid margin calls during Asian hours
- Clearing Members can define a Permanent Cash Balance (PCB) to establish a cash buffer which is automatically restored on a daily basis
- Clearing Members may actively manage their total margin requirement by entering risk reducing trades
- Clearing Members have the possibility to delete their own open orders from the order book prior to Asian hours market opening to avoid position changes and hence margin calls during the extended session

### Correspondent Banks

- Available correspondent banks for USD include Citibank N.A., Deutsche Bank Trust, Bank of New York Mellon, JP Morgan Chase Bank N.A., JP Morgan Chase Bank N.A., London, and Bank of America
- Available correspondent banks for AUD: ANZ Banking Group Limited and Westpac Banking Corporation

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