

05 Mar 2021  
Eurex Clearing

# Introduction of technical infrastructure for processing of compression services on listed derivatives

**Eurex Clearing Circular 019/21 Introduction of technical infrastructure for processing of compression services on listed derivatives**

## 1. Introduction

Subject to the pending regulatory approval, an infrastructure for compression service providers to offer compression services to Exchange Participants for listed derivatives will be available at Eurex Deutschland from **29 March 2021**. This circular contains information with respect to the corresponding enhancements for the service offering of Eurex Clearing and the respective amendments to the Price List of Eurex Clearing AG (Price List) and the Clearing Conditions of Eurex Clearing AG (Clearing Conditions).

These amendments will become effective on **29 March 2021**.

Please refer to Eurex circular 023/21 for detailed trading-related information as well as the amendments of the relevant Rules and Regulations of Eurex Deutschland and Eurex Frankfurt AG.

All compression service-related support information will be made available on our dedicated project initiatives page under the following link:

**Clear > Support > Initiatives > Projects > Compression**

**Simulation start: available**

**Production start: 29 March 2021**

## 2. Required action

There is no action required for Clearing Members not intending to clear trades entered using the new compression functionality at Eurex Deutschland.

Clearing Members that intend to clear such compression trades should make sure they are able to process the trades which are uniquely identifiable via a new TES Trade Type in all Eurex Clearing interfaces (GUI, FIXML and Reports).

Clearing Members and their clients are encouraged to participate in the simulation phase.

## 3. Details of the initiative

### A. Service overview

Eurex Deutschland is offering an infrastructure to enable third-party compression providers to offer compression services for listed derivatives to Exchange Participants. To process portfolio compression, the T7 Entry Service (TES) is utilised. Compression cycles will be scheduled regularly and communicated via the compression provider.

In a compression cycle, compression providers initiate compression trade proposals which are then subsequently approved by the involved Exchange Participants. After a final release of the outcome of a compression cycle by the compression provider, all compression trades are simultaneously matched with the same time stamp for all participating Exchange Participants and submitted to Eurex Clearing for clearing. The process flow of the compression trades in the subsequent systems like C7 is identical to any other TES transaction. All transactions will be flagged as compression trades with a new TES trade type.

For the required technical changes, please see the following links:

**T7: Trade > Support > Initiatives > T7 Releases > T7 Release 9.0**

**C7: Clear > Support > Initiatives > C7 Releases > C7 Release 7.0.1**

As Eurex Deutschland and Eurex Clearing only provide the technical infrastructure, regulatory duties to publish compression trades are with the respective compressor.

Eurex Clearing will report the cleared trades resulting out of a compression cycle according to its EMIR-compliant reporting logic for cleared trades.

### B. Requirements for compression

The following requirements will apply:

Topic	Requirement
Compression service provider	◆ Must be admitted by

## Eurex Deutschland

Compression service user	◆ Must be active Eurex Deutschland participant with TES type eligibility "Compression"
Allowed products:	◆ EURO STOXX <sup>®</sup> 50 index options (OESX) (further products will be available at a later point in time)
Allowed accounts	◆ Proprietary accounts only (of all types of Exchange Participants)
Periodicity	◆ One compression cycle per day and allowed product
Portfolio compression time (during which compression trade proposals and the respective approvals by the Exchange Participants can be entered in TES)	◆ 09:00 – 14:00 CET

Compression cycles are agreed between the compression provider and Eurex Deutschland in advance.

### C. Compression service fees

Following fees will be applied for the usage of compression services:

- ◆ To be paid by compression providers:
  - ◆ Annual fee, including one monthly compression cycle
  - ◆ An additional fee for any additional compression cycle

For further details, please see the amended price list to the Connection Agreement, Provider Connection Agreement and STPIP and QTPIP Connection Agreement of Eurex Frankfurt AG, (as per Eurex circular 023/21), available under the following link:

## Trade > Support > Technology > Connectivity > Fees for Eurex Exchange connections

- ◆ Clearing Members clearing trades resulting out of a compression cycle:
- ◆ Compression service fee per contract: EUR 0.10

In order to support the introduction of compression services, a fee holiday for the fees per contract applicable for Clearing Members will apply until the end of 2021.

### D. Corresponding amendments to the legal framework of Eurex Clearing AG

To reflect the changes, the following provisions will be amended as outlined in Attachments 1-2:

- ◆ Chapter II Part 4 Number 4.1 of the Clearing Conditions
- ◆ Number 3.16 of the Price List

As of the effective date, the full version of the amended documents will be available for download under the following link:

### Clear > Rules & Regs > Rules and Regulations

The amendments to the legal framework of Eurex Clearing AG published by this circular are deemed accepted by each affected contractual party of Eurex Clearing AG, unless the respective contractual party objects by written notice to Eurex Clearing AG within the first 15 Business Days (or, in respect of amendments to the Price List, within the first 10 Business Days) after publication. Any ordinary right of Eurex Clearing AG to terminate the respective contract (including a Clearing Agreement, if applicable) shall remain unaffected.

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions or FCM Clearing Conditions of Eurex Clearing AG, as applicable.

### Attachments:

1. Amended sections of the Clearing Conditions of Eurex Clearing AG
2. Amended sections of the Price List of Eurex Clearing AG

### Further information

Recipients: All Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG and vendors, all FCM Clearing Members and other affected contractual parties

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Target groups: Front Office/Trading, Middle + Backoffice, IT/System Administration, Auditing/Security Coordination

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Contact: [client.services@eurex.com](mailto:client.services@eurex.com)

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Related circular: [Eurex circular 023/21](#)

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Web: [Clear > Support > Initiatives > Projects > Compression](#)

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## Further information

- [→ Attachment 1 to Eurex Clearing circular 019/21](#)
- [→ Attachment 2 to Eurex Clearing circular 019/21](#)

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Chapter II of the Clearing Conditions of Eurex Clearing AG

# Transactions Concluded at Eurex Deutschland

(Eurex Exchange)

As of 29.03.2021

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[...]

## Part 4 Clearing of Eurex Off-Book Trades

[...]

### 4.1 General Conditions

Eurex Clearing AG will carry out the Clearing of Eurex Off-Book Trades according to Number 4.3 of the Eurex Trading Conditions and Number 3.2 of the Eurex Contract Specifications for the following trade types (each as defined in the Eurex Trading Conditions):

- ~~Basket Trades,~~
- Block Trades (Blockgeschäfte),
- Exchange for Physicals for Financials („**EFP-F**”),
- Exchange for Physicals for Index\_Futures/FX\_Futures (“**EFP-I**”),
- Exchange for Swaps (“**EFS**”),
- Vola Trades (Vola-Geschäfte), ~~and~~
- Trade-at-Market (“**TAM**”) Trades (Trade-at-Market-(„TAM“-Geschäfte)),
- Basket Trades and Substitution Trades (Basket- und Substitutionsgeschäfte), and
- Portfolio Compression Trades (Portfoliokomprimierungsgeschäfte).

The provisions ~~in~~ of Chapter I and Chapter II Parts 1 to 3 shall apply for the Clearing of Eurex Off-Book Trades, unless otherwise provided in this Part 4. For alternative contract specifications according to Number 3.2.1 of the Eurex Contract Specifications, the requirements pursuant to Number 4.2 shall apply.

#### 4.1.1 Conclusion of Transactions

Eurex Off-Book Trades ~~between Eurex Clearing AG and a Clearing Member~~ are concluded between Eurex Clearing AG and a Clearing Member in accordance with Chapter I Part 1 Number 1.2.2 (1).

#### 4.1.2 ~~Assignment of Transactions and Positions~~

~~For Eurex Off-Book Trades, Part 1 Number 1.3.3 shall apply additionally with regard to the assignment of transactions and positions.~~

#### 4.1.32 Impact of a Transfer of Eurex Off-Book Trades to obligations under Number 4.7 of the Eurex Trading Conditions~~Accountability~~

If Eurex ~~Transactions~~ Off-Book Trades or positions were are transferred to another Clearing Members (inter alia, based on Part 1 Number 1.3.3), the obligations stipulated in Number 4.7 of the Eurex Trading Conditions shall also apply to the relevant transferee Clearing Member ~~is subject to the requirements stipulated in Number 4.6 of the Eurex Trading Conditions.~~

[...]

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[...]

**3 Transaction Fees for Derivatives Transactions (Order Book Transactions and Off-Book Transactions on the Eurex Exchange)**

[...]

[...]

**3.16 Fees for Portfolio Compression Trades**

For Portfolio Compression Trades (*Portfoliokomprimierungsgeschäfte*) (as defined in the Eurex Trading Conditions), a fee is charged as follows:

<u>Product / Product group</u>	<u>Currency</u>	<u>Fee per Contract</u>
<u>Equity Index Derivatives</u>		
<u>Equity Index Options</u>		
<u>EURO STOXX 50® Index Options</u>	<u>EUR</u>	<u>0.10</u>

For the avoidance of doubt, the fees set out in Number 3.1 shall not apply to Portfolio Compression Trades, and Portfolio Compression Trades shall not be taken into account when determining any rebates in accordance with Number 3.2.

[...]

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