

BFZ Cover Activation T7 Release 9.1

Frankfurt. Mein Platz zum Handeln.



10:36 Uhr			
318	43.218	42.996	43.034
317	26.720	26.000	26.050
304	19.954	19.904	19.904
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...			
64	16.810	16.585	16.615
71	26.429	26.047	26.047
...			
53	9.150	9.072	9.098
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59	2.139	2.139	2.139
...			
Industrial I			
IFX	5.723	5.699	5.723
MAN	62.060	61.424	61.424
SIE	78.370	72.750	72.750
TIA	17.250	17.299	17.299
BNR	59.851	59.849	59.849
DEZ	3.922	3.922	3.922
ERD	22.605	22.451	22.451
GIL	9.470	9.423	9.423
G1R	20.805	20.800	20.800
MDO	1.326	1.316	1.316
KCO	9.119	9.100	9.100
KRN	36.600	36.425	36.425
KU2	14.157	14.093	14.093
NTR	47.052	47.036	47.036
PHR	39.453	32.610	32.610
VOS	72.809	72.809	72.809
WIN	32.535	32.859	32.859

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1. Introduction

1. Background and Planning
2. Current Statistics
3. Current Process

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1. Introduction

What are Covers?

- Cover instruments (“Hüllen” or “Intraday Instruments”) are structured products that are listed with a minimum set of instrument data or with dummy values (e.g. for underlying, strike price, type).
- They are inactive at the point of inclusion to the market but are activated upon request of the issuer when the final set of instrument data is fix.
- The cover can remain inactive on the trading system up to 6 months waiting for the final definition and activation. The cover instrument is to be delisted after that period if it is not activated.
- Issuers use covers for two purposes:
 - For their own (intraday) issuances to be able to issue instruments time-to-market.
 - As a vehicle for multi-issuer platforms, where retail investors and asset managers can customize and create their own instruments which can be traded immediately.

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Aktuell bestellte Zertifikate

Produkttyp	Basiswert	Kupon	p.a.
Reverse Convertible	BMW	10,45%	Kupon p.a.
Reverse Convertible with Barrier	Lufthansa	5,30%	Kupon p.a.
Reverse Convertible	ThyssenKrupp	7,35%	Kupon p.a.
Reverse Convertible	SAP	4,80%	Kupon p.a.
Reverse Convertible	EURO STOXX 50® Index	8,65%	Kupon p.a.

Ihr eigenes Zertifikat:
Tiersch individuell.





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1. Introduction

1.1 Background & Planning

Background / Status quo

- Introduction of cover instruments in 2016
- First One-Day-Covers (short term), later Six-Month-Covers (long term)
- At the beginning only unit-quoted covers, later expanded to percentage-quoted covers
- Covers are currently being listed as „regular“ instruments using the known listing process, therefore technically being tradable immediately
- **Cons:** Risk of accidentally trading inactive covers and missing reference data on activation day

Planning

- With T7-Release 9.1 (Go-Live: 28.06.2021) covers will be listed with an „inactive“ status until an activation message is send by the issuer via eListing setting the status to „active“
- Using this activation-message issuers are able to update up to nine reference data fields intraday
- Issuers are already sending update/activation-messages via eListing, which are currently ignored. With T7-Release 9.1 those will be processed (just for covers)
- **Pros:** No risk of mistrades in inactive covers and intraday-updates of reference data

1. Introduction

1.2 Current Users / Issuer

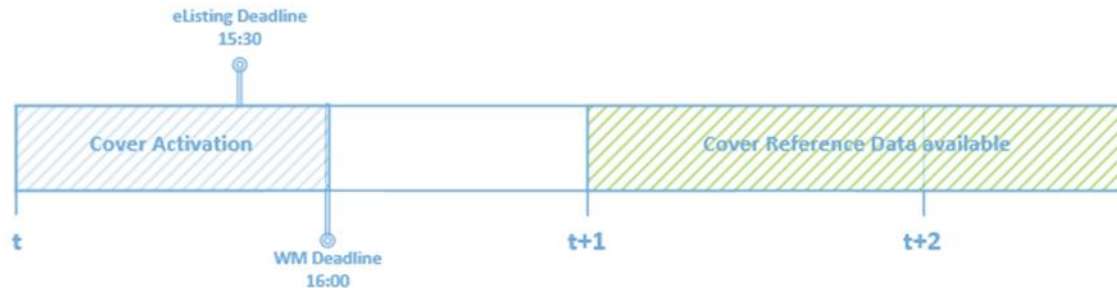
Specialist	Issuer	Instrument Subtype	Quotation Unit	Nbr of (inactive) Covers
Baader	Citi	Leverage Covers	unit	1.344
Baader	Société Générale	Leverage Covers	unit	19.320
ICF	HVB	Investment Covers	unit	135
ICF	HVB	Leverage Covers	unit	1.472
ICF	HSBC	Investment Covers	unit	176
ICF	HSBC	Investment Covers	percent	228
ICF	Vontobel	Investment Covers	unit	862
ICF	Vontobel	Investment Covers	percent	934
			Total	24.471

1. Introduction

1.3 Current Process

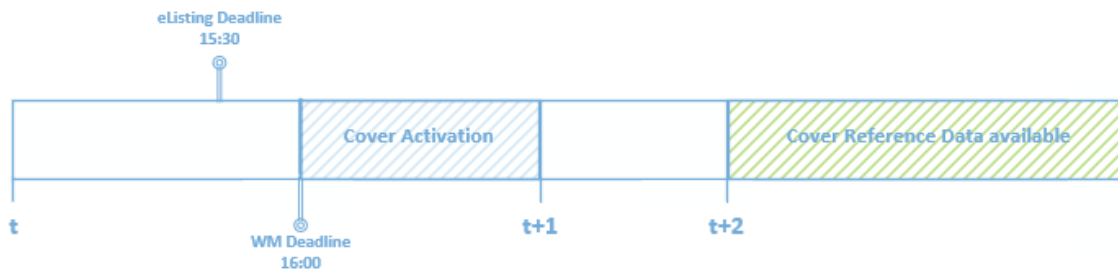
Cover-Activation before 4 pm

If the cover is activated before 4 pm WSS receives the information about the activation through the WM-dataset and the changes will be active on the next trading day (t+1).



Cover-Activation after 4 pm

If the Cover is activated after 4 pm the information regarding the activation will be included in the WM-dataset of the following trading day and therefore the cover will be active in the T7 reference data on the second next trading day (t+2).



2. Functional Aspects

1. Cover-Activation-Process
2. Special Aspects of Cover-Attributes

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2. Functional Aspects

2.1 Cover-Activation-Process

The process of Cover-Activation consists of the following steps:

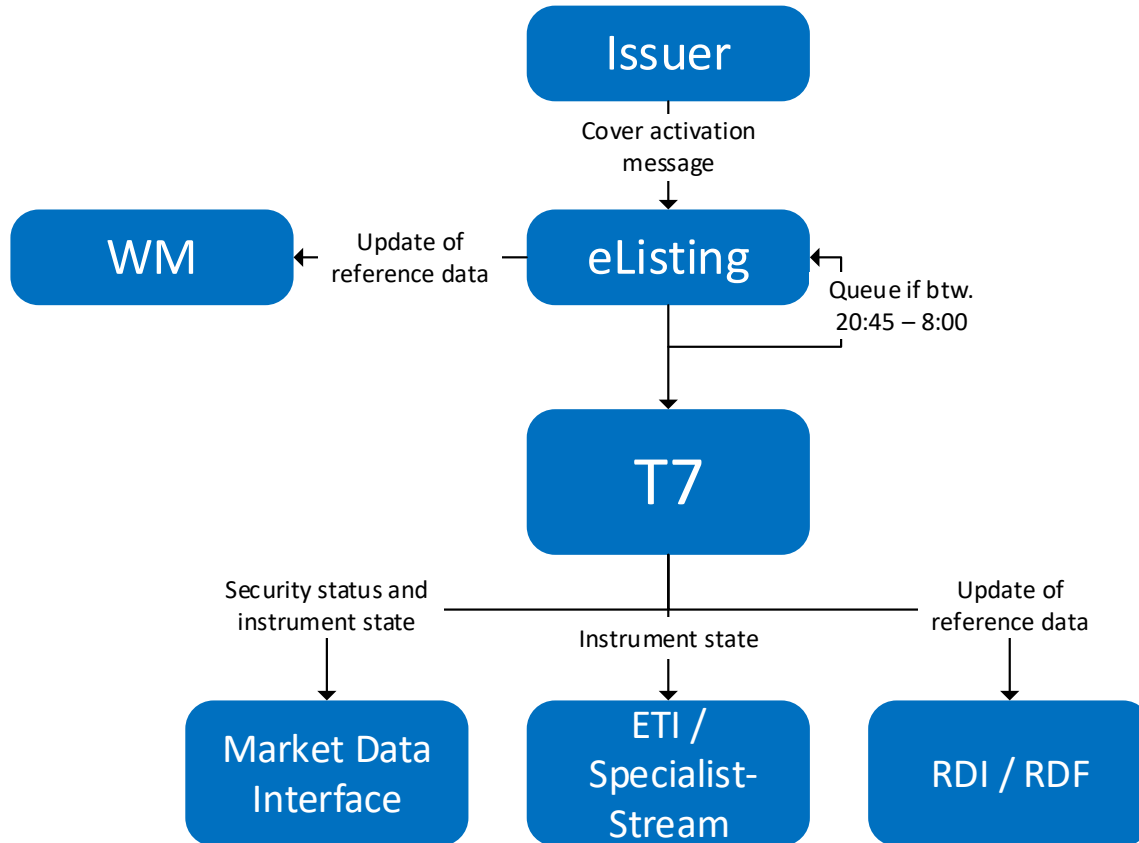
1. The instrument is requested and included via the regular BFZ eListing process via XML listing request (SFTP) with the appropriate characteristics for a cover.
2. The instrument is set up as a cover in T7, either as an one-day cover or long-term cover, recognizable by the "Cover Indicator" field. As a cover, the instrument is not tradable.
3. The Issuer activates the cover by sending an activation message via eListing. At the same time selected attributes can be adjusted using the activation message.
4. eListing forwards the new cover attributes to T7.
T7 displays the activation of the cover.*

*Currently the activations are being sent until 8:45 pm to account for the dependencies with WSS and WM.

Activations received after that time are being buffered in eListing and sent on the next trading day.

2. Functional Aspects

2.1 Cover-Activation-Process



2. Functional Aspects

2.1 Cover-Activation-Process

Adjustable Cover-Attributes:

1. Description
2. Underlying
3. Strike Price
4. Coupon Rate
5. First Trading Date
6. Last Trading Date
7. Maturity Date
8. Start Quoting Period
9. End Quoting Period
10. (Cover Indicator)*

*Cover Indicator is automatically being set by the system

2. Functional Aspects

2.1 Cover-Activation-Process

CoverIndicator (WM-Field GD258U)

- **I = Intraday Cover**

Categorization of the cover within WM. This cover needs to be activated or delisted within one day. After this period the instrument expires (no check by WM whether >1 day)

- **L = Longterm Cover**

Categorization of the cover within WM. This cover needs to be activated or delisted within six month. After this period the instrument expires (no check by WM whether >6 month)

- **A = Activated Cover***

Activated cover indicates that this was previously a cover with indicator „I“ or „L“.

- **“ “ = No Cover**

Indicates that this is a regular instrument instead of a Cover.

T7-Valid-Values differ from this:

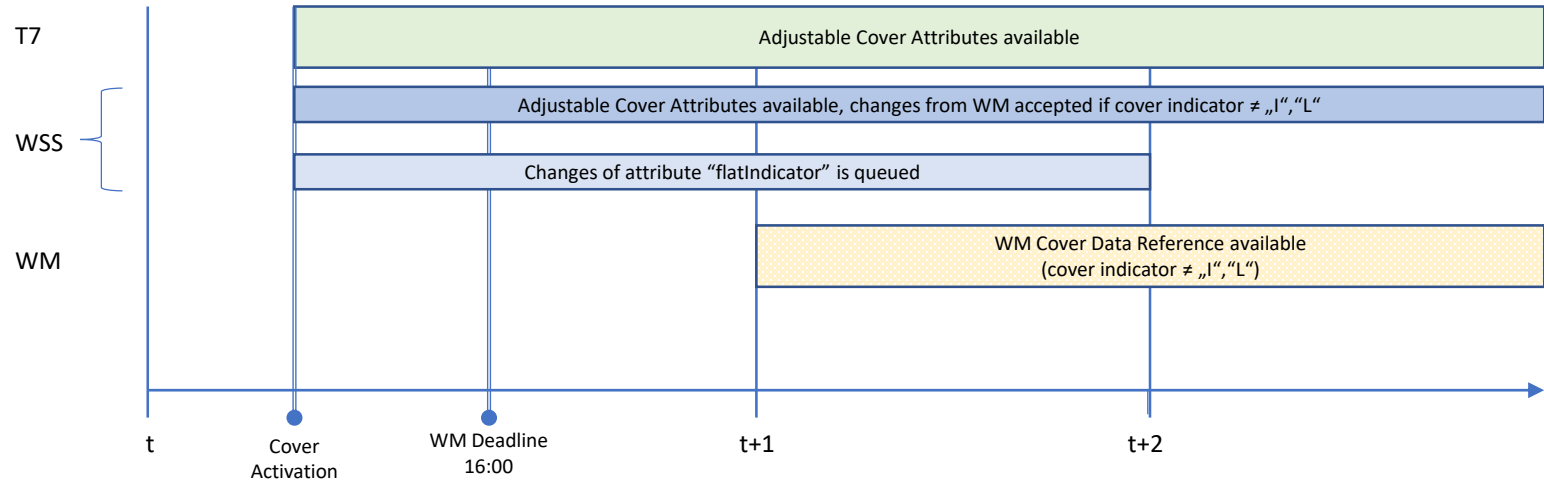
- 1 = INTRADAY COVER
- 2 = LONG TERM COVER
- 3 = ACTIVATED COVER
- 0 = NO COVER

* no WM characteristic

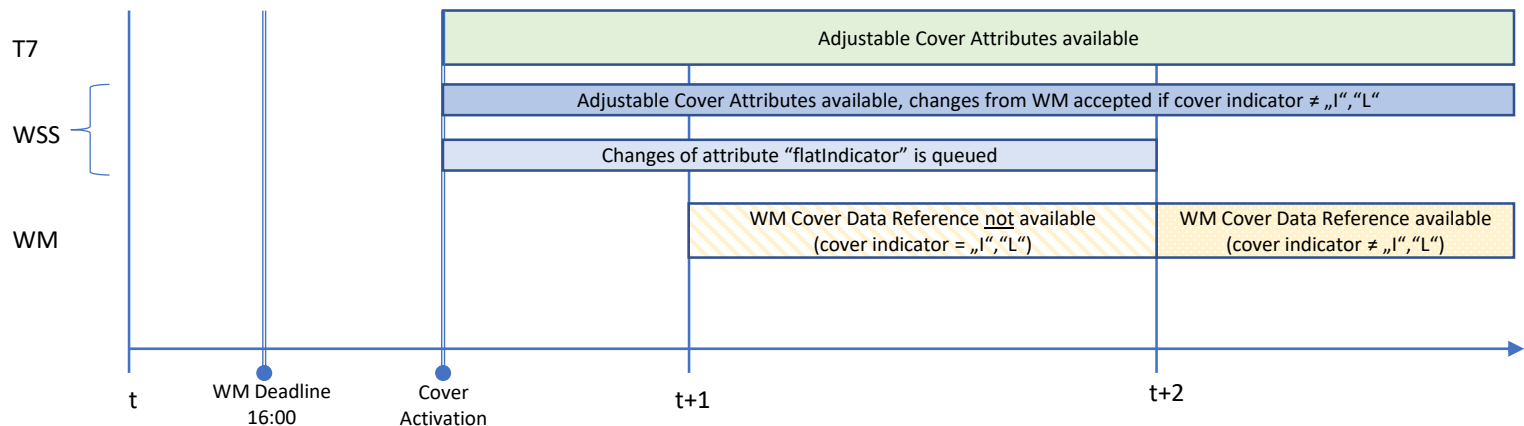
2. Functional Aspects

2.2 Special Aspects of Cover-Attributes

Cover-Activation before 4 pm



Cover-Activation after 4 pm



3. Technical Aspects

1. Market Data Interfaces / ETI
2. Reference Data
3. eListing

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3. Technical Aspects

3.1 Market Data Interfaces / ETI

Market Data Interface (MDI) / EOB!

- Covers are set up like any regular instrument (no differentiation in market data possible)
- Control like any regular instrument via SecurityStatus(965) (e.g. inactive/active) and SecurityTradingStatus(326)
- The security status will be „inactive“ as long as the cover indicator is set to „L“ or „I“
- Cover activation changes the security status to „active“
- „Cover Indicator“ exists only in the reference data (RDI, RDF and CSV)

ETI

- The new instrument state is published via the Specialiststream when the cover is activated (ETI *Specialist Specific Instrument Information*)
- Corresponds to SecurityTradingStatus(326) in the market data

3. Technical Aspects

3.2 Reference Data

Reference Data Interface (RDI) / Reference Data Files (RDF)

- RDI with intraday updates for cash market is a novelty
- Intraday updates of cover attributes exclusively via RDI / RDF (RDF via incremental files)
- RDF: XML reference data files will also include inactive covers (with instrument status „inactive“)
- New field „Cover Indicator“ will be added
- Incremental files are generated exclusively from specialists files

All-Tradable-Instruments (CSV-Files)

- CSV files will still generated only in batch for the next trading day T+1
(no intraday incremental files etc.)
- CSV reference files will also include inactive covers (with instrument status „inactive“) and the respective cover indicator („I“ or „L“)
- New field „Cover Indicator“ will be added

3. Technical Aspects

3.3 eListing

Setting up a Cover-Instrument:

- Applications for cover instruments are only accepted in XML format and SFTP upload. There is no possibility for cover applications in Excel format
- The Application happens via a „NewListing“ message and is identified by the value ISSUE_TYPE = „Intraday“
- The field ACTIVATION_TIME has to be empty in the initial listing application
- Instrument reference data can be filled with placeholders or, as far as the XML file allows it, can be kept empty

Activation of a Cover-Instrument:

- The activation of an inactive cover is done via “UpdateListing” message, in which the ACTIVATION_TIME field is to be filled with a valid timestamp (< current time + 5 minutes)
- This message type in combination with the ISSUE_TYPE and the ACTIVATION_TIME triggers the creation of an activation message for T7 as well as the final update of the instrument reference data
- “UpdateListing” messages can be transmitted at any time. The activation happens at the next possible time on trading days between 8 am and 8:45 pm. Beyond this timeframe the message is buffered until the next possible execution time

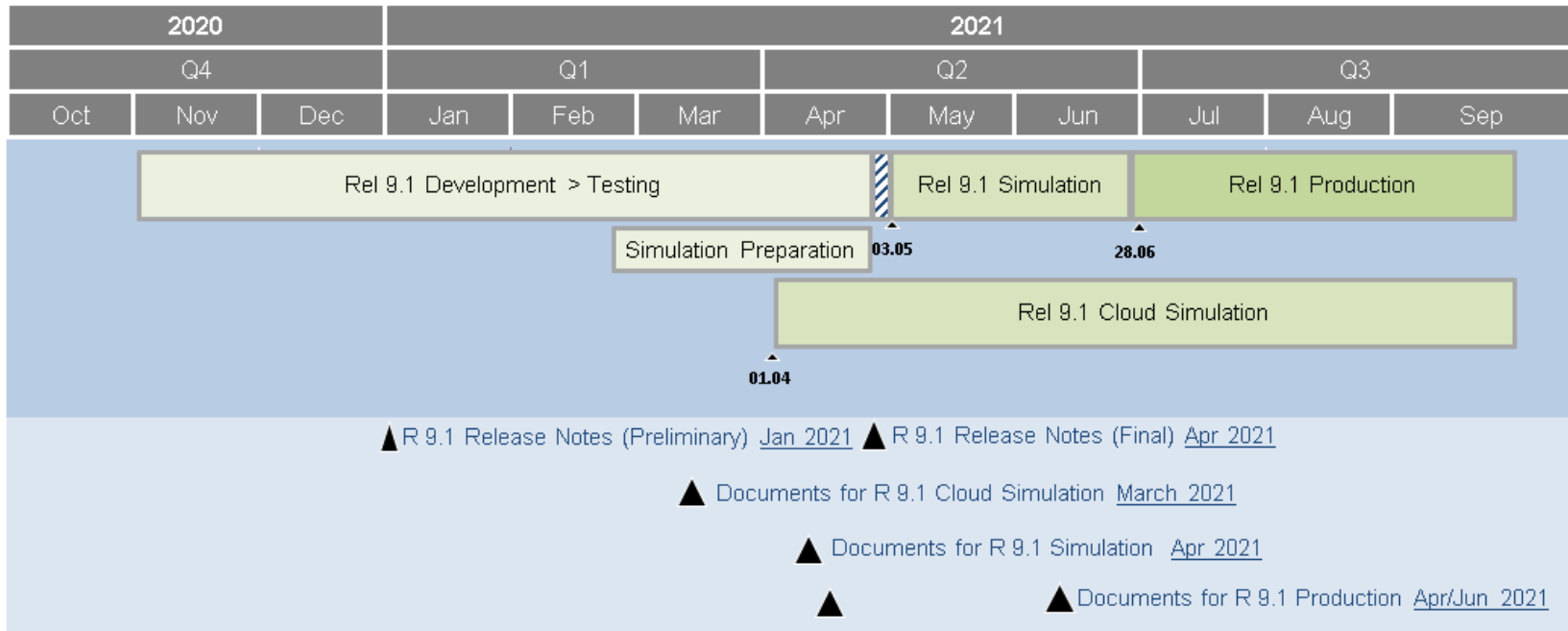
4. Support & Further Information

1. Simulation and Production Schedule
2. Communication Schedule
3. Further information

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4. Support & Further Information

4.1 Simulation and Production Schedule



4. Support & Further Information

4.2 Communication Schedule

The following tables gives an overview of the readiness of customer documentation:

- Preliminary versions (identified by ◆) will be published in January/March 2021,
- simulation versions (identified by ■) will be published in April 2021, and
- final versions (identified by ●) will be published in April/June 2021 prior to the production launch

T7 Release 9.1	Derivatives Markets	Cash Markets	Combined	Q1 / 2021			Q2 / 2021		
				Jan	Feb	Mar	Apr	May	Jun
T7 Release 9.1 - Release Notes	X	X		◆			●		
T7 Functional Reference			X				●		
T7 Functional and Interface Overview			X				●		
T7 Participant Simulation Guide			X				●		
T7 Cross System Traceability			X				●		
T7 Incident Handling Guide			X				●		
T7 Participant and User Maintenance Manual	X	X					●		
Contract Notes Description		X							●
T7 Known Limitations			X				■		●
T7 Trader, Admin and Clearer GUI – User Manual	X	X					■		●
T7 Trader, Admin and Clearer GUI – Installation Manual			X				●		
T7 Enhanced Trading Interface – Manual incl. XSD, XML Representation and Layouts			X			◆	■		●
T7 FIX Gateway – FIX 4.2 and 4.4 Manual incl. Fiximate and Repository			X			◆	■		●
T7 Market, - Enhanced Order Book- and Reference Data Interfaces Manual incl. Fast Message Template, Repository & FIXML Schema Files			X			◆	■		●
T7 Extended Market Data Services – Manual incl. Fast Message Template and Underlying Ticker Data			X				■		●
Cash Market Instrument Reference Data Guide		X					●		
T7 XML Report Reference Manual			X				■		●
Common Report Engine User Guide			X				●		
N7 Network Access Guide			X				●		
Exchange Rules & Regulations		X							●

Release 9.1: ◆ Cloud Simulation / Preliminary Version ■ Simulation Version ● Production / Final Version

4. Support & Further Information

4.3 Further information

- It may occur that covers are not activated for more than six months (WM does not check this)
- Initially Covers will have the inclusion date as the first trading date at WM for XFRA.
In case of cover activation, the first trading date at WM will be updated to the activation date.
This ensures that, banks/brokers can trade covers on activation day.

Thank you for your Attention!

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