Bulletin

EURONEXT 's OPTIQ® PHASE 3 – DERIVATIVES migration

IMPACT on LCH SA CLEARING files and messages

Date: 7 March 2019

Following Euronext's communication regarding their Optiq Phase 3 migration plan on 28 February 2019, LCH SA is pleased to share with its members and clients this first bulletin outlining changes and additions to its files and messages that have been made in order to cater for Euronext's upcoming Derivatives market migration.

One of the key changes resulting from this migration is the inclusion of the expiry day in the MONEP External codes. This enables the harmonisation of this code across the different maturities for the same underlying.

Additionally to what is directly linked to the Optiq Phase 3 migration, LCH SA, in collaboration with Euronext, has also integrated new fields and values that will enable to support future derivatives product suite extensions, thus avoiding repeated new releases.

By repurposing certain existing fields and fillers, LCH SA has ensured that the addition of the new values and fields has minimal impact for its members.

This bulletin describes the amendments made to the following identifiers:

- Product Family code,
- External code (MONEP only),

as well as the new fields and values in the following files and message:

- OPEJ (J0, J1 &J2) files,
- 5X Referential file,
- SLE message.

Euronext has announced that Phase 3 of the Optiq programme is due to be delivered in production on 25 November 2019, LCH will publish its specifications and testing schedule during the second quarter.

AMENDMENT TO IDENTIFIERS

- Product Family code (MATIF and MONEP)

The Product Family code will be extended from 3 to 5 characters. For existing derivative products, the current 3 character codes will remain the same, blanks will make up the two additional characters.

- External Code (MONEP only[1])

The External code is the full name of the derivative contract. Currently for financial derivatives, the External code concatenates the Product Family with the expiry month and year in the following format:

> PPPMMYY where
>> PPP is the Product Family code,
>> MM is the expiry month,
>> YY is the expiry year.

The new format describing the core derivative specification (Contract mnemonic code and maturity date) will be changed to:

For Futures:
> PPPPPYYMMDD where
>> YY is the expiry year, it has been brought forward by two characters,
>> DD is the expiry day in the expiry month,
>> PP are the two additional Product Family code characters. If they are blank, they will appear as blanks in the External code (eg FCE _ _200619 for the CAC40 future contract, expiry date 19 June 2020).

For Options:
> PPPPPYYMMDDSSSSS.SSO where
>> SSSSS.SS is the strike price,
>> O is the option type (C for Call, P for Put),
>> PP are the two additional Product Family code characters. If they are blank, they will appear as blanks in the External code (eg PXA_ _19062105300.00C for the CAC40 Call option contract, expiry date 21 June 2019, strike 5300).

It will no longer be necessary to distinguish the expiry of the option through the Product Family code, as the day of the expiry will now be included in the External code. Daily, weekly and monthly specific Product Family codes will be decommissioned. This external code format is already in use for flexible derivatives, prior member testing may therefore be leveraged.

The External code is present in the following files and messages: OPEJ (J0, J1 &J2) files, 5X Referential file, PR1, PR2, PR3 files and SLE messages.

ADDITIONAL FIELDS and VALUES

OPEJ files (J0, J1 and J2) for MATIF and MONEP – OPEJ J3 is decommissioned[2]

New values:

- IFT and QMT fields

Currently, the IFT field, which contains the Format indicator for a numeric data field, is a numerical field that can currently only qualify positive amounts. The indicator is included in a [0-9] value range, it describes a positive amount and its number of decimals (eg 3 means a positive amount with 3 decimals).
An additional alpha value range [A-J] will be added to the IFT field to describe a negative amount and its number of decimals (eg D means a negative amount with 3 decimals).

The IFT indicator followed by the data field it qualifies (QMT field) may now describe a negative amount.

5X referential file for MATIF

New Field:

- Averaging period

Where relevant, this field will be populated with the number of business days in the calendar month.

New value:

- Type of combined product family

Where relevant, this existing field will be populated with the value 'C' indicating that the price of a derivative contract could be quoted in negative values (eg spread and differential futures).

SLE impact for MONEP

Within the scope of the future launch of MoC Futures 5011 NOTICE OF TRADE LEG CREATION and 3011 CONFIRMATION OF TRADE LEG CREATION messages will be enriched with additional data to be included in the following fields.

New fields:

- Origin Contract Mnemonic Code
  This field is populated with the original/temporary trade's Product family code (eg FCB the CAC40 MoC contract).

- Negotiated Spread price
  This field is populated with the original/temporary trade's negotiated spread price.

- Origin Trade ID
  This field is populated with the ID number assigned to the original/temporary trade.

New values:

- Trade validity indicator
  This field will indicate the nature of the trade, enabling the identification of the temporary and final trade legs.

  T: Temporary, this is the trade leg that carries the temporary price
  F: Final, this is the trade leg that carries the final price

IMPACT TABLE

For a summary of changes, please refer to the detailed table below.

	Optiq		MoC	New Commodity Derivatives
	New	Removed	Changes when Optiq is launched	Changes when product is launched
OPEJ Files (J0,J1,J2) MATIF & MONEP	• Mnemonic now can be up to 5 characters	• Sign of clearing fees amount • Sign of valuated premium • Trading fees amount • Sign of trading fees amount • Amount of VAT on clearing fees • Sign of VAT • VAT rate • Flex Indicator		• Added negative IFT for all records
5x Files	• External code updated • Mnemonic now can be up to 5 characters • Expiry day added			Only for MATIF • New field for Averaging period • New value 'C' in already existing field to indicate that the contract could be quoted in negative values
SLE Messages	• Mnemonic now can be up to 5 characters		New fields added: • Original Product Family • Trade validity indicator: Flag 'F' (Final) / Flag 'T' (Temporary) • Negotiated Spread price • Original Trade ID	
PR1,PR2,PR3 Files	• External code updated ("contract Alias" in file)			

[1] *MATIF : the instrument code remains unchanged (eg EBMZ9)*

(2) *Members will receive their Amsterdam clearing fee data in the OPEJ2 file. More information regarding trading fees will be provided by Euronext and LCH in a future communication.*

Best Regards,

LCH SA

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