Eurex Circular 008/19

Fixed Income Futures: Introduction of a Liquidity Provider scheme for Mid-Term Euro-BTP Futures (FBTM)

Effective **1 February 2019**, the Management Board of Eurex Deutschland and the Executive Board of Eurex Frankfurt AG decided the following:

- Introduction of a Liquidity Provider scheme for Mid-Term Euro-BTP Futures (FBTM)

With the positive development of the Italian futures market segment on Eurex, the introduction of a liquidity provider scheme should support the development of the medium term futures segment, offering liquidity for trading the Italian yield curve.

For details of the Liquidity Provider scheme, please refer to the attached Product Specific Supplement (PSS).

The PSS will be made available on the effective date 1 February 2019. It will be provided as single PDF files on the Eurex website www.eurexchange.com under the following link:

Trading > Market-Making and Liquidity provisioning

Attachment:

- Product Specific Supplement for Mid-Term Euro BTP Futures

Date: 28 January 2019

Recipients: All Trading Participants of Eurex Deutschland and Eurex Frankfurt AG and Vendors

Authorized by:
Michael Peters

Target group:

- All departments

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Product Specific Supplement for Mid-Term Euro BTP Futures

Validity: 01 February 2019 – 31 December 2019
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Preamble

This Product Specific Supplement for Mid-Term Euro BTP Futures (hereinafter referred to as "Product Specific Supplement") forms an integral part of the LPA.

A Liquidity Provider scheme for Mid-Term Euro BTP Futures is offered. Additionally, a revenue sharing scheme as well as an additional supporter incentive is offered.

1. Applicable Building Blocks

Pursuant to Sec. 2.3 of the General Supplement to the LPA, the granting of rebates and the concrete rebate levels to be applied on the respective transaction fees are dependent on the fulfilment of Building Blocks. For this Product Specific Supplement, the following Building Blocks are applicable:

Scheme	Product Scope	Basis BBB	Package PBB	Strategy CBB	Larger Size LBB	Tighter Spread TBB	Stress Presence SBB	Revenue Sharing
FBTM	FBTM	✓						✓

2. Liquidity Provider Rebates

Upon fulfilment of the Building Block requirements of one product, Liquidity Providers shall receive a fee rebate as specified in section 3 of the General Supplement to the LPA in accordance with the table below. The evaluation takes place on a monthly basis.

Execution type	Building Block	Upon fulfilment of requirements
Order book	**Basis**	**100%**
	Package	**-**
	Strategy	**-**
	Larger Size	**-**
	Tighter Spread	**-**
	Stress Presence	**-**
	Total	**100%**
Off-book*	**Basis**	**100%**
	Package	**-**
	Strategy	**-**
	Total	**100%**

* Only off-book block and multilateral transactions are eligible for off-book rebates for Liquidity Provisioning.

3. Building Block Requirements

3.1. Basis Block Requirements

In order to receive the Liquidity Provider rebates pursuant to Sec. 2 above, the following quotation requirements shall apply:

	FBTM
Quotation Period:	09:00 – 17:30 CET
Required Coverage:	80%
Maturity Range:	The front month needs to be quoted. Five exchange days prior to expiration, Liquidity Providers may choose to quote either the front month or the second expiration month
Minimum Quote Size/ Maximum Spread:	Liquidity Providers may choose to quote either 20 contracts on the bid and ask side with a maximum spread of 12 ticks or 10 contracts on the bid and ask side with a maximum spread of 8 ticks Liquidity Providers may switch between both opportunities intra day

4. Other monetary incentive schemes

4.1. Revenue Sharing

A revenue sharing scheme for Mid-Term Euro BTP Futures is offered as of 1 February 2019 until 31 December 2019 in accordance with section 3.1.2 of the General Supplement to the LPA.

The evaluation takes place on a monthly basis

	FBTM
Revenue Sharing Pool:	Up to 50% of the net revenues of the product FBTM
Participation Condition:	Fulfilment of Basis Block requirements
Number of Participants:	Up to 3
Qualification criterion:	The top 3 fulfilling Liquidity Providers participate; ranked according to their share of trading volume in M-accounts (order book and off-book) of all fulfilling Liquidity Providers
Distribution Method:	50% of the net revenues are distributed proportionally among the top 3 qualifying Liquidity Providers according to their share of trading volume in M- and P-accounts (order book and off-book)

VAT on the Revenue Sharing amounts shall be borne by the Liquidity Provider, if applicable, and will be offset against any due and unpaid Revenue Sharing amount.

4.2. Additional supporter incentive

If BBB obligations are fulfilled during the commitment period of 01.02.2019 until 31.12.2019 an additional incentive of 50% of net revenues for the next 3 months (01.01.2020 until 31.03.2020) will be offered to the Top 3 Liquidity Provider ranked proportionally according to their cumulative Quotation Time in the Basis Block Requirements over the respective commitment period.

Eurex Clearing shall be entitled to pay the additional supporter incentive to the account of the respective Liquidity Provider that has qualified for the revenue sharing payment according to this section 4.2. The Liquidity Provider shall authorize its Clearing Member to collect this revenue sharing payment on his behalf.