

Eurex Circular 022/19

Eurex EnLight: Product extension 2019

Summary

As part of its Market Structure Roadmap, Eurex Exchange plans to extend the product range offered on its electronic request-for-quote (RFQ) service called Eurex EnLight, which will be accompanied by further measures related to fees, Liquidity Provider rebates and Minimum Block Trade Sizes. This step in the implementation of the Market Structure Roadmap aims to further strengthen the role of Eurex Exchange as venue of choice for efficient price discovery and best execution.

Eurex EnLight product extension

On **2 May 2019**, the Eurex EnLight product scope shall be extended to cover all Equity and Equity Index Options and corresponding Futures available at Eurex besides the already listed Fixed Income Options, Swiss Equity and Equity Index Options.

Access to Eurex EnLight

In order to provide Trading Participants an easy access to Eurex EnLight, a minimal set-up process has been defined. No separate agreements are needed and all Eurex Trading Participants can use the service. Eurex EnLight can be accessed through the Eurex T7 GUI or via the T7 Enhanced Trading Interface (ETI). To receive further support on how to access and use Eurex EnLight, please contact your Key Account Manager Trading.

Accompanying measures

The following measures shall come into effect on 2 May 2019:

- Introduction of an Eurex EnLight Liquidity Provisioning (LP) building block and related LP rebate differentiation
- Differentiation of standard fees for A-Accounts and standard fees for P/M-Accounts in Equity Options, Equity Index Options and Interest Rate Options
- Differentiation of Minimum Block Trade Sizes for Equity and selected Equity Index Options

As of 1 January 2020, Eurex Exchange plans to introduce a differentiation of standard fee levels for A-Accounts across execution mechanisms in Equity Options, Equity Index Options and Interest Rate Options.

The implementation of the described measures is subject to the approval of changes to the Conditions for Trading at Eurex Deutschland by the Exchange Council and the relevant Authorities. With these changes, Eurex EnLight trades will be classified as exchange traded derivatives negotiated Off-Book.

Attachments:

1. Liquidity Provider Agreement & General Supplement to the Liquidity Provider Agreement
2. Product Specific Supplements
3. Price List of Eurex Clearing AG & Draft Price List of Eurex Clearing AG
4. Product Scope on Eurex EnLight
5. Minimum Block Trade Sizes for Equity and Equity Index Options



Date: 27 February 2019

Recipients: All Trading Participants of Eurex Deutschland and Vendors

Authorized by:
Michael Peters, Randolph Roth

Target group:

- All departments

Related Eurex Circulars:
145/17, 009/18, 036/18, 045/18, 065/18

Contact:
Equity & Index Sales:
Philipp Schultze,
philipp.schultze@eurexchange.com

Fixed Income Sales:
Vassily Pascalis,
vassily.pascalis@eurexchange.com

Key Account Management:
Your Key Account Manager Trading

Eurex EnLight: Product extension 2019

1. Product Scope Extension

As of 2 May 2019, the Eurex EnLight product scope is planned to be extended to cover all Equity and Equity Index Options and corresponding Futures available at Eurex Exchange. This extension also allows the trading of calendar rolls for 19 MSCI Futures on Eurex EnLight. Currently, the Eurex EnLight product scope already covers Fixed Income Options and Swiss Equity and Equity Index Options.

2. Liquidity Provisioning

a) Introduction of Eurex EnLight building block for Liquidity Provisioning

Effective 2 May 2019, the Liquidity Provider (LP) Framework shall be amended by a new Eurex EnLight building block (EBB). Eligible for this building block are all Eurex Liquidity Providers that have passed the Eurex EnLight certification test. More detailed information about the Eurex EnLight certification test will be provided in a separate circular.

The EBB is considered as fulfilled, if the LP fulfils a certain response rate of valid Eurex EnLight quote requests addressed to that LP. Alternatively, the EBB is considered as fulfilled if the number of Eurex EnLight valid quote requests in a product per month does not exceed certain threshold values that are defined per Liquidity Provider, and per total market. The specific requirements for the fulfilment of the EBB are outlined in section 2.3.7 of the General Supplement to the Liquidity Provider Agreement, which can be found as an attachment to this circular.

The LP rebate levels, applicable for the order book, for Eurex EnLight and Trade Entry Service (TES) for the fulfilment of the EBB as well as for the fulfilment of the other building blocks, are outlined in section 2 b) of this circular. The LP performance in the EBB will have an impact on LP rebate levels on both Eurex EnLight and TES.

New reports TD961, TD962, TD963 and TD964 shall be available on the Common Report Engine. They will outline the LP performance of the Eurex EnLight Building Block. Reports TD961 and TD962 are described in the current version of the T7 XML Report Reference Manual v.70.3. These reports shall become available in April 2019. Until 30 April 2019, the reports will have no impact on LP rebates and LPs can use the reports to evaluate the fulfilment of the EBB.

Additionally, the monthly billing report CB169 "MM Fee Refund" shall be renamed into "LP Rebates" and shall be amended to report the new building block as well as the LP rebate associated to this building block.

Respective details on the reports TD963, TD964 and CB169 as well as the schema file will be made available with the next Report Reference Manual in May 2019, with the simulation version available in April 2019. The simulation version will correspond to the production version.

The Liquidity Provider Agreement (LPA), the General Supplement to the LPA as well as Product Specific Supplements shall be amended in order to reflect the introduction of the EBB. In addition, some minor editorial changes are included in these documents. The changes will become effective on 2 May 2019. As of the effective dates, the updated versions of the documents will be available for download on the Eurex website www.eurexchange.com under the following link:

[Trading > Market-Making and Liquidity provisioning](#)

Pursuant to Number 4 Paragraph 2 of the Liquidity Provider Agreement, the amendments to the Product Specific Supplements as communicated with this circular shall be deemed to have been approved if the Liquidity Provider does not lodge objections with Eurex Frankfurt AG and Eurex Clearing AG within fifteen (15) business days of notification of the amendment. Therefore, signing the new version of the Liquidity Provider Agreement by existing Liquidity Providers is not necessary.

b) Differentiation of liquidity provisioning rebates as of May 2019

The core order book building blocks and performance still determine a large part of the overall TES and Eurex EnLight rebate levels. A combination of order book building blocks and Eurex EnLight Building Block will determine rebates on Eurex EnLight and TES volumes in the following way: If Liquidity Providers fulfil the EnLight Building Block (subject to the fulfilment of the Basis or Package Building Block), they are eligible for

- 10% LP rebate on EnLight
- 10% LP rebate on TES.

Eurex EnLight trades are still rebated, if the EBB is not fulfilled (that is, if Basis or Package Building Block is fulfilled). In this case, order book, Eurex EnLight and TES LP rebates are granted according to the fulfilment of the respective building blocks, but the 10% EBB rebate is not granted. For example: If in an Equity Index, Liquidity Class 2 product the Basis-, Package- and Strategy Building Blocks are fulfilled, but the Eurex EnLight Building Block is not fulfilled, then

- the corresponding EnLight LP rebate amounts to 60%, and
- the corresponding TES LP rebate amounts to 50%.

If the EnLight Building Block is fulfilled, then

- the corresponding EnLight LP rebate amounts to 70%, and
- the corresponding TES LP rebate amounts to 60%.

In both cases (i.e., EBB fulfilled or EBB not fulfilled), the order book LP rebate amounts to 50% (with up to 85% possible if additional building blocks Larger Size, Tighter Spread and Stress Presence are fulfilled).

EBB rebates are only granted to Liquidity Providers who are participants in Eurex EnLight and have passed the certification test.

Further conditions for receiving the EBB Liquidity Provider rebate are outlined in section 2 a) of this circular.

The following rebate levels will be applied to **Equity Index** and **Equity Options**:

Building Blocks	Liquidity Class 1			Liquidity Class 2			Liquidity Class 3		
	Order book	EnLight	TES	Order book	EnLight	TES	Order book	EnLight	TES
Basis	10%	20%	20% 10%	15%	25%	25% 15%	45%	45%	45% 35%
Package	20%	20%	20%	20%	20%	20%	20%	20%	20%
Strategy	15%	15%	15%	15%	15%	15%			
Larger Size	15%			15%			15%		
Tighter Spread	10%			10%					
Stress Presence	10%			10%			10%		
EnLight		10%	10%		10%	10%		10%	10%
Total	80%	65%	55%	85%	70%	60%	90%	75%	65%

The following rebate levels will be applied to **Interest Rate Options**:

Building Blocks	Liquidity Class 1			Liquidity Class 2			Liquidity Class 3		
	Order book	EnLight	TES	Order book	EnLight	Off-Book	Order book	EnLight	TES
Basis	40%	35%	40% 30%	40%	35%	40% 30%	65%	35%	55% 45%
Package	20%	20%	20%	20%	20%	20%	20%	20%	20%
Strategy	15%	15%	15%	15%	15%	15%		15%	
Larger Size	5%			5%			5%		
Tighter Spread	10%			10%					
EnLight		10%	10%		10%	10%		10%	10%
Total	90%	80%	75%	90%	80%	75%	90%	80%	75%

3. Fee Changes

With the extension of the product scope of Eurex EnLight, Eurex Exchange starts differentiating standard fees in all options that are available on Eurex EnLight. The level of transparency drives fee differentiation across the execution mechanisms order book, Eurex EnLight and TES. Focus hereby is to strengthen on-book liquidity and to create a shift of off-book price discovery to on-venue trading. Fees will be differentiated by:

- Execution mechanisms: Differentiation of standard fees across different execution mechanisms;
- Account types: Differentiation of standard fees between P/M and A accounts;
- Liquidity provider rebates: Differentiation of liquidity provisioning rebate levels across execution mechanisms:

Eurex Exchange will introduce a new trade type in order to have a clean separation of different transactions between the three execution mechanisms. The full fee differentiation is intended to be implemented on 1 January 2020.

a) Differentiation of standard fees across execution types and account types as of January 2020

The differentiation in standard fees shall only be applied in the A-Accounts. There will be three different fee levels for the order book, Eurex EnLight and TES. The standard fees in the P- and M-Accounts will stay on the same level and will only differentiate regarding the LP rebates for the execution mechanisms.

For **Equity Index Options**, the following changes will apply:

Standard Fee Level	Products	Account	Order book	EnLight	TES
0.30	OESX, OES1-5, OESB, others	P/M	0.30	0.30	0.30
		A	0.30 0.33	0.34	0.30 0.35
0.50	ODAX, ODX1-5, others	P/M	0.50	0.50	0.50
		A	0.50 0.54	0.56	0.50 0.58
1.00	OSMI, OSM1-5	P/M	1.00	1.00	1.00
		A	1.00 1.08	1.12	1.00 1.16
0.75	ODIV	P/M	0.75	0.75	0.75
		A	0.75 0.81	0.84	0.75 0.87
0.20	OTDX	P/M	0.20	0.20	0.20
		A	0.20 0.22	0.23	0.20 0.24
0.40	OSLI, OSMM	P/M	0.40	0.40	0.40
		A	0.40 0.43	0.44	0.40 0.45

Reduced Fees will be adjusted accordingly (50% of Standard Fee)

Fee Type	Account	Fee Level	Products	Fee
Exercise of Options	A	0.30	OESX, OES1-5, OESB, others	0.30 0.33
		0.50	ODAX, ODX1-5, others	0.50 0.54
		1.00	OSMI, OSM1-5	1.00 1.08
		0.75	ODIV	0.75 0.81
		0.20	OTDX	0.20 0.22
		0.40	OSLI, OSMM	0.40 0.43

For **Equity Options**, the following changes will apply:

Group	Account	Order book	EnLight	TES
DE	P/M	0.10	0.10	0.10
	A	0.15	0.16	0.15 0.17
Others in EUR	P/M	0.10	0.10	0.10
	A	0.10 0.12	0.13	0.10 0.14
CH	P/M	0.15	0.15	0.15
	A	0.20	0.21	0.20 0.22
GB, RU	P/M	0.15	0.15	0.15
	A	0.15 0.17	0.18	0.15 0.19

Reduced Fees will be adjusted accordingly (50% of Standard Fee)

Fee Type	Account	Group	Fee
Exercise of Options	A	DE	0.15
		Others in EUR	0.10 0.12
		CH	0.20
		GB, RU	0.15 0.17

For **Interest Rate Options**, the following changes will apply:

Account	Order book	EnLight	TES
P/M	0.20	0.20	0.20
A	0.20 0.22	0.23	0.20 0.24

Reduced Fees will be adjusted accordingly (50% of Standard Fee)

Fee Type	Account	Fee
Exercise of Options	A	0.20 0.22
Assignment of Options	A	0.20 0.22
Position Closing Adjustment	All	0.40 0.44

For all **futures products** where a corresponding options product is available on Eurex EnLight and can be traded as part of a volatility strategy, the current TES fee levels will be applied for Eurex EnLight.

b) Temporary alignment of standard fees between May and December 2019

During recent member consultations, some Eurex Members and vendors raised their concerns that the remaining implementation time until 2 May 2019 for suggested fee differentiation across different execution mechanisms is not sufficient. In order to ensure a smooth transition in 2019, Eurex Exchange will temporarily set the fees in the A-Accounts for the order book, Eurex EnLight and TES to the same fee level until 31 December 2019:

Products	Account	Order book	EnLight	TES
OESX, OES1-5, OESB, others	P/M	0.30	0.30	0.30
	A	0.30 0.33	0.33	0.30 0.33
ODAX, ODX1-5, others	P/M	0.50	0.50	0.50
	A	0.50 0.54	0.54	0.50 0.54
OSMI, OSM1-5	P/M	1.00	1.00	1.00
	A	1.00 1.08	1.08	1.00 1.08
ODIV	P/M	0.75	0.75	0.75
	A	0.75 0.81	0.81	0.75 0.81
OTDX	P/M	0.20	0.20	0.20
	A	0.20 0.22	0.22	0.20 0.22
OSLI, OSMM	P/M	0.40	0.40	0.40
	A	0.40 0.43	0.43	0.40 0.43
German Equity Options	P/M	0.10	0.10	0.10
	A	0.15	0.15	0.15
Other Equity Options in EUR	P/M	0.10	0.10	0.10
	A	0.10 0.12	0.12	0.10 0.12
Equity Options in CH	P/M	0.15	0.15	0.15
	A	0.20	0.20	0.20
Equity Options in GB, RU	P/M	0.15	0.15	0.15
	A	0.15 0.17	0.17	0.15 0.17
Interest Rate Options	P/M	0.20	0.20	0.20
	A	0.20 0.22	0.22	0.20 0.22

Reduced Fees will be adjusted accordingly (50% of Standard Fee)

The relevant amendments to the Price List of Eurex Clearing AG shall become effective on 2 May 2019. The attached draft Price List is intended to become effective on 1 January 2020. As of the effective date, the full version of the amended Price List shall be available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

[Resources > Rules and Regulations > Price list](#)

The amendments to the Price List 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 ten (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.

4. Minimum Block Trade Size Changes

The Management Board of Eurex Deutschland decided to adjust the Minimum Block Trade Sizes (MBTS) of its T7 Entry Service in Equity Options and selected Equity Index Options.

In addition, the Management Board decided to introduce Minimum Block Trade Sizes for its selective request for quote service Eurex EnLight (EMBTs).

The affected products and updated values for Equity Index Options are outlined below, the updated values for Equity Options are outlined in the attachment. These changes shall become effective as of 2 May 2019. Updated Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland reflecting these changes will be published in a separate circular.

Contract Name	Product ID	Expiries	Current MBTS	New MBTS	EnLight MBTS
EURO STOXX 50 Index Options	OESX	the first 10	1000	1500	1000
EURO STOXX 50 Index Options	OESX	> the first 10	1000	1000	1000
DAX Index Options	ODAX	All	500	500	350
EURO STOXX Banks Options	OESB	All	3000	3000	3000
SMI Index Options	OSMI	All	500	500	300
VSTOXX Index Options	OVS2	All	500	1000	500

If you have any questions or require further information, please contact Philipp Schultze, Equity & Index Sales, via e-mail at philipp.schultze@eurexchange.com, or Vassily Pascalis, Fixed Income Sales, via e-mail at vassily.pascalis@eurexchange.com.

27 February 2019