

Product Specific Supplement for Inter-Product Spreads in fixed income futures

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Preamble

This Product Specific Supplement for Inter-Product Spreads in fixed income futures (hereinafter referred to as “Product Specific Supplement”) forms an integral part of the Liquidity Provider Agreement (“LPA”). A Liquidity Provider scheme is offered for the following Inter-Product Spreads (IPS):

Inter Product Spread	Product Scope	Detailed IPS Description
BTP-Bund IPS	IPPL	Long-Term Euro-BTP Futures - Euro-Bund Futures Inter-Product Spread
Bund-Buxl IPS	IPLX	Euro-Bund Futures - Euro-Buxl Futures Inter-Product Spread
Schatz-BTS IPS	IPS2	Euro-Schatz Futures - Short-Term Euro-BTP Futures Inter-Product Spread

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	Package	Strategy	Larger Size	Tighter Spread	Stress Presence	Eurex EnLight	Revenue Sharing
		BBB	PBB	CBB	LBB	TBB	SBB	EBB	
IPS	IPPL	✓							
IPS	IPLX	✓							
IPS	IPS2	✓							

The requirements for Strategy Building Block, Larger Size Building Block, Tighter Spread Building Block, Stress Presence Building Block and Eurex EnLight Building Block are product group specific and can be found in section 2.3 of the General Supplement to the LPA.

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 2019 & 2020	Upon fulfilment of requirements 2021 & 2022
Order book	Basis	100%	50%
	Package	-	-
	Strategy	-	-
	Larger Size	-	-
	Tighter Spread	-	-
	Stress Presence	-	-
	Total		100%
Eurex EnLight	Basis	-	-
	Package	-	-
	Strategy	-	-
	Eurex EnLight	-	-
	Total		-
TES	Basis	-	-
	Package	-	-
	Strategy	-	-
	Eurex EnLight	-	-
	Total		-

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:

	IPPL	IPLX	IPS2
Quotation Period:	09:00 – 17:15 CE(S)T		
Required Coverage:	80%		
Maturity Range:	Only the BTP-Bund IPS based on the front month needs to be quoted.	Only the Bund-Buxl IPS based on the front month needs to be quoted.	Only the Schatz-BTS IPS based on the front month needs to be quoted.
Minimum Quote Size/IPS Maximum Spread	<p>The IPS Maximum Spread depends on the leg ratio of the respective Inter-Product Spread as this impacts both the price level and the spread at which the IPS should be quoted. It shall be calculated based on a Maximum Spread and an IPS Spread as follows:</p> <p>For the Maximum Spread Liquidity Providers may choose to quote either 10 contracts on the bid and ask side with a maximum spread of 0.09 percent or 5 contracts on the bid and ask side with a maximum spread of 0.05 percent Liquidity Providers may switch between both opportunities intra day</p> <p>The Maximum Spreads will be added to IPS Spread that is implied from the leg instrument's futures prices at 9:00 a.m. CE(S)T, or if not available the first bid/ask thereafter, on the first day a newly introduced IPS is listed for trading according to the following rule:</p> <p>IPS Bid = Bid (Leg Instrument 1) x IPS ratio (Leg Instrument 1) – Ask (Leg Instrument 2) x IPS ratio (Leg Instrument 2)</p> <p>IPS Ask = Ask (Leg Instrument 1) x IPS ratio (Leg Instrument 1) – Bid (Leg Instrument 2) x IPS ratio (Leg Instrument 2)</p> <p>The resulting IPS Spread is:</p> <p>IPS Spread = IPS Ask – IPS Bid</p> <p>Should the IPS Spread take on a negative value, then it will be considered as zero. The resulting IPS Maximum Spread for each IPS is finally determined as:</p> <p>IPS Maximum Spread = Maximum Spread + Max (0 ; IPS Spread)</p> <p>IPS ratios will be published prior to the listing of a new IPS expiry month on www.eurexchange.com</p>		

4. Other monetary incentive schemes: Revenue Sharing

A revenue sharing scheme for Inter Product Spreads in fixed income futures is offered as of 1 January 2021 until 31 December 2022 for Liquidity Providers who continue to fulfil the Basis Building Block requirements in accordance with section 3.1.2 of the General Supplement to the LPA. The evaluation takes place on a monthly basis.

	IPPL, IPLX, IPS2
Revenue Sharing Pool:	Up to 50% of the net revenues of the respective IPS product
Participation Condition:	Fulfilment of Basis Building Block requirements for 10 out of the 16 months during the commitment period of 16.09.2019 until 31.12.2020.
Number of Participants:	Unlimited
Qualification criterion:	The top 5 fulfilling Liquidity Providers participate; ranked according to their share of IPS trading volume in M-accounts (order book) of all fulfilling Liquidity Providers during the commitment period from 16.09.2019 until 31.12.2020
Distribution Method:	Ranked according to their share of trading volume in M-accounts (order book) during the commitment period from 16.09.2019 until 31.12.2020 of all qualifying Liquidity Providers the top Liquidity Provider will receive 15% of the net revenues, while 12.5% ,10% , 7.5% and 5% will be shared with the Liquidity Providers ranked 2, 3, 4 and 5. Revenue sharing payments will be calculated on a monthly basis and will be distributed on a quarterly basis.

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.

Eurex Clearing shall be entitled to pay the revenue sharing incentive to the account of the respective Liquidity Provider that has qualified for the revenue sharing payment according to this section 4.

The Liquidity Provider shall authorize its Clearing Member to collect this revenue sharing payment on his behalf.