X-pand into the Future

eurex circular 066/10

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Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

⚠ **Action required** ⚠ **High priority**

Adjustments of Market Maker Obligations for Equity- and Equity Index Options

Contact: Dr Michael Durica, Eurex Product Strategy, tel. +49-69-211-1 59 23
e-mail: Michael.Durica@eurexchange.com

Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- IT/System Administration

Attachments:
none

Summary:

1. Effective **May 3, 2010**, quoting requirements for Market Makers in equity options at Eurex will be changed. The adjustment will affect parameters in the three different Market-Making models, i.e. Regular Market-Making (RMM), Permanent Market-Making (PMM) and Advanced Market-Making (AMM). Minimum quote sizes and the spread class assignments are set according to market conditions and liquidity.
2. The Minimum Quote Size in options on the EURO STOXX 50® index will be changed effective **May 3, 2010**.
3. Changes will also be made to the amount of AMM package exceptions, **effective June 1, 2010**.

Members who are taking part in Market-Making programs are kindly requested to adjust their system settings accordingly. It is highly recommended to verify market maker performance in the first days of May and June 2010 using the respective Eurex-MMPM reports.

Adjustments of Market Maker Obligations for Equity- and Equity Index Options

The Minimum Quote Sizes and Spread Class Assignments for Belgian, Dutch, French, German, Italian, Scandinavian, Spanish and Swiss equity options are adjusted based on a scheme that captures market conditions and liquidity for each individual product (see list below under points 1-2).

The minimum quote size for options on the EURO STOXX 50® index will be changed (see list below under points 3-5). The changes will become effective on May 3, 2010.

Furthermore, the number of exceptions in the AMM package will be adjusted (see list below under point 6). The changes will become effective on June 1, 2010.

1. List of minimum quote sizes and spread class allocation

Product	Product Code	Spread Class	Minimum Quote Size (Contracts)		Number of expirations to be quoted for PMM/AMM; the first	AMM Package Code
			RMM	AMM/ PMM		
Options on						
AXA	AXA	2	NA	50	6	ESX50 FR
BCO BILBAO VIZC ARGENT	BBVD	1	NA	50	8	ESX50 ES
BANCO SANTANDER	BSD2	1	NA	50	8	ESX50 ES
E.ON	EOA	2	NA	50	8	ESX50 DE
GDF SUEZ	GZF	2	50	20	6	ESX50 FR
IBERDROLA	IBE	A	NA	50	8	ESX50 ES
PHILIPS	PHI1	2	NA	100	8	ESX50 NL
VIVENDI	VVU	2	NA	50	6	ESX50 FR
ABB	ABBN	2	NA	50	8	CH
BALOISE	BALN	3	NA	10	7	CH
CLARIANT	CLN	1	NA	20	7	CH
GAM HOLDING	GAM	1	NA	20	7	CH
KUDELSKI	KUD	2	NA	10	7	CH
KUEHNE UND NAGEL	KNIN	3	20	10	6	CH
NOVARTIS	NOVN	2	NA	50	8	CH
OC OERLIKON	OERL	2	100	50	7	CH
PETROPLUS	PPHN	2	50	20	6	CH
SONOVA HOLDING AG	SOON	3	20	10	6	CH
SWISS LIFE	SLHN	3	NA	50	8	CH

Product	Product Code	Spread Class	Minimum Quote Size (Contracts)		Number of expirations to be quoted for PMM/AMM; the first	AMM Package Code
			RMM	AMM/ PMM		
Options on						
THE SWATCH GROUP - Bearer Shares	UHR	4	NA	20	7	CH
AIXTRON	AIX	2	20	10	6	DE
ASML	ASM	2	NA	10	7	NL
BMW	BMW	2	NA	20	8	DE
CELESIO	CLS	2	50	20	6	DE
COMMERZBANK	CBK	1	NA	100	8	DE
DEUTSCHE POSTBANK	DPB	2	20	10	6	DE
EADS	EAD	2	50	20	6	FR
ELSEVIER	ELV	1	NA	20	6	NL
FORTUM	FOT	2	20	10	6	SC
FORTIS	FO4	1	NA	20	8	NL/BE
FREENET	FNT	1	50	20	6	DE
GEA	G1A	2	50	20	6	DE
KLOECKNER	KCO	2	50	20	6	DE
LANXESS	LXS	2	20	10	6	DE
PEUGEOT	PEU	2	50	20	6	FR
PINAULT PRINTEMPS	PPX	3	20	10	6	FR
PORSCHE	POR3	2	100	50	6	DE
Q-CELLS	QCE	1	50	20	6	DE
QIAGEN	QIA	2	50	20	6	DE
RANSTADT	RSH	2	NA	10	6	NL
RENAULT	RNL	2	NA	10	6	FR
SKY DEUTSCHLAND	SKY	1	200	100	6	DE
STORA ENSO	ENUR	1	50	20	6	SC
SUEZ ENVIRONNEMENT CO	SEV	2	20	10	6	FR
THOMSON	TNM	1	100	50	6	FR
TNT	TNT	2	NA	10	6	NL
TOM TOM	OEM	1	NA	20	6	NL
UMICORE SA	NVJ	2	20	10	6	BE
UPM-KYMMENE	RPL	1	100	50	6	SC
VALOUREC	VAC	3	20	10	6	FR
WOLTERS KLUWER	WOS	2	NA	10	6	NL

(*) Maturity Range: The maturity range is defined in expirations. With the standard Eurex expiration cycle 24, 18 and 12 months to maturity represent 8, 7 and 6 expirations respectively, which have to be covered in AMM and PMM to fulfill obligations.

2. Spread Classes

Bid up to	Maximum Spreads		Bid up to	Maximum Spreads		Bid up to	Maximum Spreads	
	Expiration Months			Expiration Months			Expiration Months	
	≤ 8	> 8		≤ 8	> 8		≤ 8	> 8
Stock options (except VOW) and EXTF Options								
Spread Class 1			**Spread Class 2**			**Spread Class 3**		
0 - 1.00	0.10	0.15	0 - 1.50	0.15	0.25	0 - 2.00	0.20	0.30
1.01 - 5	10%	15%	1.51 - 15	10%	15%	2.01 - 20	10%	15%
> 5	0.50	0.75	> 15	1.5	2.25	> 20	2.00	3.00
Spread Class 4			**Spread Class 5**					
0 - 5.00	0.50	0.75	0 - 20	2.00	3.00			
5.01 - 50.00	10%	15%	20.00 - 200	10%	15%			
> 50.00	5.00	7.50	> 200	20.00	30.00			
Spread Class A			**Spread Class B**					
0 - 1.00	0.15	0.20	0 - 1.00	0.20	0.25			
1.01 - 15.00	15%	20%	1.01 - 15.00	20%	25%			
> 15.00	2.25	3.00	> 15.00	3.00	3.75			

3. PMM Index Options

Equity Index Option on	Product Code	Spread Class	Minimum Quote Size (contracts)		Number of Expirations to be quoted for PMM/AMM (*); The first:	AMM Package Code
			RMM	PMM/ AMM		
			Expirations			
			≤ 8	> 8		
EURO STOXX 50®	OESX	1	NA	100	8	ESX

4. PMS Index Options

Equity Index Option on	Product Code	Spread Class	Minimum Quote Size (contracts) for PMM short	Number of Expirations to be quoted for PMM/AMM (*) PMM short; The first:
EURO STOXX 50®	OESX	1	400	5

5. PML Index Options

Equity Index Option on	Product Code	Spread Class		Minimum Quote Size (contracts) for PMM long	Number of Expirations to be quoted for PMM (*)/ long
		Expiration Months			
		≤ 8	> 8		
EURO STOXX 50®	OESX	1	6	200	5 (from eighth to twelveth)

6. Changes in AMM package exceptions

Package	Package Products with Compulsory fulfilment	Number of Monthly Exceptions
Belgian	-	2
EURO STOXX 50®	OESX	9
Dutch	-	5
French	-	17
German	ODAX	11
Italian	-	2
Russian	OMXR	-
Scandinavian	-	1
Spanish	-	1
Swiss	OSMI or OSLI	10
British	-	11

The new Market Maker obligations can also be found on the Eurex website under the path:

www.eurexchange.com > Trading > Market Model > Market-Making > Market Maker Obligations

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