X-pand into the Future

e u r e x *circular 216/12*

Date: 28 September 2012
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Thomas Book

Action required

Market-Making: Evidence of Market Maker status vis-à-vis the competent supervisory authority

Related Eurex Circular: 083/07

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Content may be most important for:

- Ü Front Office/Trading
- Ü Middle + Backoffice
- Ü Auditing/Security Coordination

Attachments:

none

Summary:

On **1 November 2012**, a new European regulation (EU) No. 236/2012 on short selling and certain aspects of credit default swaps ("EU Short Selling Regulation") will come into effect. Article 17 of the EU Short Selling Regulation provides for an exemption of Market-Making activities from the net short position transparency requirements and the restrictions on uncovered short sales.

According to this regulation, Market Makers interested in the exemption are required to provide evidence of their status in writing to their competent supervisory authority at least 30 calendar days before the intended first use of the exemption.

Market-Making: Evidence of Market Maker status vis-à-vis the competent supervisory authority

On of 1 November 2012, a new European regulation (EU) No. 236/2012 on short selling and certain aspects of credit default swaps ("EU Short Selling Regulation") will come into effect. Article 17 of the EU Short Selling Regulation provides for an exemption of Market-Making activities from the net short position transparency requirements and the restrictions on uncovered short sales.

According to this regulation, Market Makers interested in the exemption are required to provide evidence of their status in writing to their competent supervisory authority at least 30 calendar days before the intended first use of the exemption.

As of June 2007, the Management Boards of the Eurex Exchanges decided to amend the Exchange Rules pertaining to the admission of Market Makers at Eurex in a way that in order to become a Market Maker, licenses are no longer required. Any trading member can act as a Market Maker for options and benefit from reduced fees. All trading participants are automatically checked to evaluate whether they fulfil Market Maker obligations and are able to take part in the Market-Making schemes and packages that are offered. Only quotes and mass quotes posted in the M-account are taken into consideration. The Market Maker obligations can be found on the Eurex website www.eurexchange.com under the link:

Trading > Market model > Market-Making

In the absence of specific market maker licenses, we recommend trading participants shall review and assess the requirements with their competent supervisory authority. Trading members may consider using the "Eurex Market Maker Obligations" as well as the Market Maker performance reports (e.g. RPTTD956 and RPTTD957) as a form of evidence of the Market Maker status.

For selected futures products a "Designated Market-Making" is available. The scope and the terms of the Market-Making commitment are formalized in an agreement ("Designated Market Maker Agreement") which can also be used as an evidence of the market maker status. Information on Designated Market-Making can be found on the Eurex website www.eurexchange.com under the path:

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