X-pand into the Future

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Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich, all Clearing Members of Eurex Clearing AG and Vendors

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Change of Market Maker Obligations and Mistrade Parameters for Options on Euro Fixed Income Futures

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Content may be most important for:

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

Attachment:
Only on the Eurex website:
Market Maker Obligations at Eurex effective March 1, 2012

Summary:

With effect from **March 1, 2012**, the Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to change the Market Maker Obligations for options on Euro Fixed Income Futures (product codes: OGBL, OGBM and OGBS).

In addition, the Management Boards of the Eurex Exchanges decided on an adjustment of Mistrade Parameters in options on Fixed Income Futures with effect from **March 1, 2012.**

A. Change of Market Maker Obligations for Options on Euro Fixed Income Futures

1. Change of Minimum Quote Sizes and Market Maker Spread Obligations

Market Makers quote spreads and minimum quote sizes will be adjusted to reflect increased market volatility. As of March 1, 2012, Advanced Market Makers will be required to quote the third options expiration.

1.1. Advanced Market-Making: Minimum Quote Sizes

Quoting scheme for continuous quotation within Advanced Market-Making:

Bid prices up to	Maximum Spread AMM Expiration Month 1	Maximum Spread AMM Expiration Month 2	Maximum Spread AMM Expiration Month 3	Maximum Spread five Trading Days prior to Expiration
0.09	0.05	0.09	0.14	0.09
0.29	0.06	0.12	0.18	0.09
1.00	0.09	0.18	0.27	0.12
999.99	0.12	0.24	0.36	0.12

Minimum Quote Size: Minimum quote size for continuous quotation is 150 contracts for expiration month 1, 100 contracts for expiration month 2, and 25 contracts for expiration month 3. For response to quote requests, minimum quotation sizes as defined in the quoting scheme for Regular Market-Making in euro-denominated Fixed Income Options apply.

1.2. Permanent Market- Making: Market Maker Spread Obligations

Permanent Market-Making Quotation Scheme:

Bid prices up to	Maximum Spread PMM Expiration Month 1	Maximum Spread PMM Expiration Month 2	Maximum spread 5 Trading Days prior to Expiration
0.09	0.05	0.09	0.09
0.29	0.06	0.12	0.09
1.00	0.09	0.18	0.12
999.99	0.12	0.24	0.12

1.3. Regular Market-Making: Market Maker Spread Obligations

Market Maker Quote Spreads for Regular Market-Making will be harmonized with the spreads valid for Advanced Market-Making:

Bid prices up to	Maximum Spread RMM Expiration Month 1	Maximum Spread RMM Expiration Month 2	Maximum Spread RMM Expiration Month 3/4	Maximum Spread 5 Trading Days prior to Expiration
0.09	0.05	0.09	0.14	0.09
0.29	0.06	0.12	0.18	0.09
1.00	0.09	0.18	0.27	0.12
999.99	0.12	0.24	0.36	0.12

The new Market Maker Obligations will be published on the Eurex website in both formats, PDF and CSV, whereby the CSV file is electronically processable. The files can be downloaded from the Eurex website under the following links:

PDF: http://www.eurexchange.com/trading/market_model/market_making/obligations_en.html

CSV: http://www.eurexchange.com/trading/market_model/market_making/quote_parameters_en.html

2. Expansion of Strike Price Window

In order to increase the flexibility for Market Makers in the choice of strike prices to be quoted within the performance measurement, the strike price window will be extended from currently 13 to 17 strikes, nearest to at-the-money (Spot). Asymmetric quotation is allowed. If less than 17 strikes are available in a given expiration month the requirement will be adjusted proportionally.

B. Options on Euro Fixed Income Futures: Adjustment of Mistrade Parameters

Effective March 1, 2012, Mistrade Parameters for options on Euro Fixed Income Futures will be adjusted as follows:

1. Present Mistrade Parameters:

Reference Price (Points)	Mistrade Range (Points) Expiration Month 1	Mistrade Range (Points) Expiration Month >= 2	Mistrade Range (Points) 5 Trading Days before Expiration
0 – 0.09	0.03	0.06	0.06
0.1 – 0.29	0.04	0.08	0.06
0.30 – 1.00	0.06	0.12	0.08
> 1.00	0.08	0.16	0.08

2. New Mistrade Parameters:

Reference Price (Points)	Mistrade Range (Points) Expiration Month 1	Mistrade Range (Points) Expiration Month 2	Mistrade Range (Points) Expiration Month 3/4	Mistrade Range (Points) 5 Trading Days before Maturity
0 – 0.09	0.03	0.06	0.09	0.06
0.1 – 0.29	0.04	0.08	0.13	0.06
0.30 – 1.00	0.06	0.13	0.19	0.08
> 1.00	0.08	0.17	0.25	0.08

During Fast Market, Mistrade Parameters will be doubled according to definition and announcement of this trading phase by Eurex.

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