X-pand into the Future

e u r e x *circular 065/14*

Date: 9 April 2014
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

Single Stock Dividend Futures: Introduction of a Designated Market-Making Scheme for U.S. Single Stock Dividend Futures

Related Eurex Circular: 051/14
Related Eurex Clearing Circular: 041/14
Contact: Lorena Dishnica, Product Development, T +44-207-862-72 42, lorena.dishnica@eurexchange.com
Christine Heyde, Product Development, T +49-69-211-1 56 98, christine.heyde@eurexchange.com

Content may be most important for:	**Attachments:**
Ü All departments	1. Designated Market-Making Scheme Obligations 2. Designated Market Maker Application

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to introduce a Designated Market-Making Scheme for U.S. Single Stock Dividend Futures, effective from **10 April 2014**. The scheme will run until **31 December 2014**.

Eurex Exchange offers interested participants the possibility to act as Designated Market Maker for the new U.S. Single Stock Dividend Futures. Designated Market Maker ensure continuing liquidity by undertaking to provide quotes on the bid and ask side subject to maximum spreads for a specified minimum number of contracts in a fixed number of products and within a specified period of time. In addition, Designated Market Maker will undertake other obligations as to the efficient operation of the market by providing additional price information. They also agree to be available for additional price verifications, if applicable, as requested by Eurex Exchange.

In return, Eurex Exchange will grant Designated Market Makers a reimbursement of 50 percent of transaction fees for all contracts concluded on the M-accounts in U.S. Single Stock Dividend Futures.

For details of this scheme, please refer to attachment 1. Interested participants in Designated Market-Making are requested to fill in the attached application form (attachment 2) and return it to Lorena Dishnica (fax: +44-207-862-92 42) or Christine Heyde (fax: +49-69-211-1 44 61).

Designated Market-Making Scheme for U.S. Single Stock Dividend Futures

Outline

This Designated Market-Making Scheme covers Single Stock Dividend Futures (SSDFs) on dividends of U.S. stocks which are combined in the U.S. SSDFs package for Designated Market-Making. The package allocation will be reviewed as and when additional U.S. SSDFs will be introduced.

The Designated Market Maker will be obliged to provide two-way quotes only on a certain percentage of the SSDFs contained in the U.S. package.

The quote size obligation of the third expiry is lower than those for the first and second expiries – there is no obligation to quote longer expirations.

The spread and size classification will be reviewed on a quarterly basis.

Scheme obligations

In the order book:

Provision of quotes during the trading session	Provision of two-way quotes for the **first**, **second and third** contracts in the series of each constituent listed - with a minimum size on the bid and ask side and with a maximum percentage spread as detailed in **Table 1** below Provision of two-way quotes for each of the contracts in the series mentioned above - during 50 percent of the quotation period of the trading day, from 09:00 a.m. to 17:30 p.m. (CET), calculated on a monthly average.
Designated Market Maker Fees	Order Book Trades & Block Trades executed on M-accounts receive **50 percent** fee rebate upon fulfilment of obligations in **50 percent** of the products in the U.S. SSDFs package (equals **11 out of 21 products**).
Respond to Eurex Pricing Requests	Market Maker must respond to all Eurex Market Supervision Pricing Requests up to a maximum of two requests per contract per day - within 30 minutes - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form

Table 1

Maximum percentage spreads and minimum quote size permissible for fulfilment of Market-Making:

Product Name	Product-ID	Maximum Spreads			Minimum Size		
		1st Expiry	2nd Expiry	3rd Expiry	1st Expiry	2nd Expiry	3rd Expiry
3M Co	M2MM	20%	25%	35%	20	20	10
Altria Group Inc	M2OF	20%	25%	35%	20	20	10
Amazon.com Inc	A2MZ	200%	200%	200%	20	20	10
Apple Inc	A2AP	20%	25%	35%	20	20	10
Bank of America Corp	B2AC	200%	200%	200%	20	20	10
Bristol-Myers Squibb Co	B2MY	20%	25%	35%	20	20	10
Chevron Corp	C2VX	20%	25%	35%	20	20	10
Cisco Systems Inc	C2SC	100%	100%	100%	20	20	10
Citigroup Inc	C2IT	200%	200%	200%	20	20	10
Coca-Cola Co./the	K2OF	40%	45%	55%	20	20	10
General Electric Co	G2EC	40%	45%	55%	20	20	10
Intel Corp	I2NT	40%	45%	55%	20	20	10
Intl Business Machines Corp	I2BM	20%	25%	35%	20	20	10
Johnson & Johnson	J2NJ	20%	25%	35%	20	20	10
JPMorgan Chase & Co	J2PM	100%	100%	100%	20	20	10
McDonald's Corp	M2CD	20%	25%	35%	20	20	10
Microsoft Corp	M2ST	20%	25%	35%	20	20	10
PepsiCo Inc	P2EP	20%	25%	35%	20	20	10
Pfizer Inc	P2FE	20%	25%	35%	20	20	10
Philip Morris International In	P2M	20%	25%	35%	20	20	10
Wal-Mart Stores Inc	W2MT	40%	45%	55%	20	20	10

For the avoidance of doubt:

Where the first expiry in the contract series is December 2014 and the permissible percentage spread is noted as 20 percent for that expiry - then to fulfil the obligations the offer price must be no greater than the bid price plus 20 percent of that bid price.

For example: If the quoted bid is 3.50 and the permissible percentage spread is 20 percent then the offer price must be no greater than 4.20.

If a successor product in one of the underlying instruments is admitted for trading with a standard contract size due to a corporate action, the successor product will become part of the Quotation Requirements with effect from the first trading day of the next calendar month. This shall also apply if any index component is changed.

Application Form – Designated Market Maker Scheme

To Eurex
Product Development
Lorena Dishnica/Christine Heyde
Fax no.: +44-207-8 62-92 42
+49-69-211-1 44 61

Application for the Status of Designated Market Maker
in Single Stock Dividend Futures on dividends of US Stocks

1. We _____
(name of participant)

hereby apply for the status of Designated Market Maker in

Single Stock Dividend Futures Contracts
on dividends of US Stocks

for the period from **10 April 2014 until 31 December 2014** in accordance with the terms and conditions stated in the Scheme Obligations (attachment 1).

2. As a Designated Market Maker

a) we will fulfil the obligation by provision of two way quotes for each of the contracts in the series (as specified in the Scheme Obligation)

- for the minimum number of contracts specified in the Scheme Obligations
- in compliance with the maximum spread specified in the Scheme Obligations; and
- in compliance with the times specified in the Scheme Obligations.

b) we will give you the name of a manager, and an alternate, who has the authorization and expertise necessary to fulfil the commitments required under the Scheme Obligations to Eurex Market Supervision

c) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this application

d) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market Makers; and

e) we will inform Eurex within one business day in the event that we find ourselves no longer in a position to fulfil these obligations.

3. Eurex will in return

a) refund 50 percent of all transaction fees for the contracts traded by the Designated Market Makers on M-accounts up to and including 31 December 2014. The refund for the respective month will be calculated at the beginning of the subsequent month. Refunds will be paid in full only if the Scheme Obligations have been fulfilled in the month prior to the one in which they are applicable. No refunds will be made for contracts traded on A- or P-accounts;

b) mention the name of the Eurex member with the Designated Market Maker status in advertising and informative material in connection with the contracts, if desired;

c) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding Single Stock Dividend Futures, if desired; and

d) on condition that and insofar as there are no conflicting legal obligations of Eurex consult the Designated Market Makers as a deliberative body on any proposed material changes to this product and its Contract Specifications and only action the proposed material changes upon a quorum of those responding Designated Market Makers who deem such changes to be acceptable.

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex.

   In the event that the obligations stated under No. 2 are not met by us, Eurex shall have the right to terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract or due to a revision of the law or rules with respect to the contract, we as well as Eurex have the right to terminate this agreement with immediate effect or to renegotiate the requirements indicated in paragraph 2 and/or in the associated Scheme Obligations.

6. Eurex shall have the right to amend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more condition(s), the Designated Market Makers must, for their part, ensure that they can be contacted so that they can be promptly advised that this situation has ceased to exist.

7. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which expires on 31 December 2014. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

8. The associated Scheme Obligations (attachment 1) are an integral part of this application.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)

_____
Place, date

_____ _____
Name Position

_____ _____
Phone Fax

_____ _____
(Signature / Stamp of the company) E-mail address

Please send the completed application for the status of Designated Market Maker to the indicated fax number.