X-pand into the Future

eurex circular 070/08

Date: Frankfurt, April 3, 2008
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

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

EURIBOR Futures: New Designated Market-Making Program

Related Eurex Circulars: 083/04

Contact: Joachim Heinz, tel. +49-69-211-1 51 05, fax +49-69-211-1 44 61,
e-mail: joachim.heinz@eurexchange.com

Content may be most important for:

➲ Front Office/Trading

Attachments:

1. Designated Market Maker Application Form
2. Designated Market Maker Quote Obligations

Summary:

The Management Boards of the Eurex Exchanges have decided to introduce a new Designated Market-Making program for EURIBOR futures which will start on **April 14, 2008**. The new scheme is designed to guarantee and improve liquidity in the order book.

Please contact Joachim Heinz on tel. +49-69-211-1 59 55, fax +49-69-211-1 44 61 or e-mail: joachim.heinz@eurexchange.com for any further questions you may have.

EURIBOR Futures: New Designated Market-Making Program

The Management Boards of the Eurex Exchanges have decided to introduce a new Designated Market-Making program for EURIBOR futures. Starting April 14, 2008, the new scheme will contribute to guarantee and improve liquidity in EURIBOR futures.

As a Designated Market Maker, the Eurex member undertakes to continually provide bid and ask prices (quotes) for a specified minimum number of contracts and in compliance with maximum spreads for a predefined period of time. Designated Market-Making will run from April 14, 2008 until December 31, 2009.

Provided the Designated Market Maker fulfills his obligations, Eurex will in return refund 100 percent of trading and clearing fees for the contracts concluded by the Market Maker on M accounts. Subject to the condition that specific daily trading volumes are attained, Market Makers will be credited additional monthly amounts in 2008 as well as a revenue share for 2009 and 2010, both according to their trading share within the group of Designated Market Makers.

Please see attachments 1 and 2 for the detailed parameters of the Designated Market Making Program.

Members who are interested in participating in the scheme are requested to fill out and return the attached Designated Market Maker application form (attachment 1) to Joachim Heinz, Eurex, fax +49-69-211-1 44 61.

Frankfurt, April 3, 2008

Application Form - Designated Market Making Scheme

To Eurex
Product Strategy
Joachim Heinz
Neue Börsenstraße 1

60487 Frankfurt am Main

Fax no.: +49-69-211-1 44 61

Application for the Status of Designated Market Maker in EURIBOR Futures

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in the following contract in the EURIBOR-Futures (FEU3) for the period from **April 14, 2008 until December 31, 2009 (commitment period)** in accordance with the terms and conditions stated in the Quote Obligations (attachment).

2. As a Designated Market Maker

   a) we will provide bid and ask quotes or orders on a continuous basis

      - for the minimum number of contracts specified in the quote obligations
      - in compliance with the Maximum Spreads specified in the quote obligations; and
      - for the period of time specified in the quote obligations

   b) 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 agreement;

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

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

3. Eurex will in return

   a) – if wished - mention the name of the Eurex member with the Designated Market Maker status in advertising and informative material in connection with the contracts;

   b) – if wished - make Eurex spokesmen and printed material available for seminars organized by the Designated Market Makers regarding the fixed income futures; and

c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on Market Maker (M) - accounts up to December 31, 2009 upon fulfillment and grant a monthly stipend of x% of 15,000 euros provided the three month daily moving average in the EURIBOR Futures exceeds 4,000 contracts per day, whereas “x” is defined by the monthly trading share of each market maker within the group of official market makers.

d) pay out 50% of the Eurex revenues in EURIBOR Futures in 2009 if the daily average of the fourth quarter 2008 exceeds 6,000 contracts per day and the market maker has fulfilled its quote obligation. The liquidity pool will be distributed according to the trading share of each market maker within the group of official market makers in 2008.

e) pay out 50% of the Eurex revenues in EURIBOR Futures in 2010 if the daily average of the fourth quarter 2009 exceeds 8,000 contracts per day and the market maker has fulfilled its quote obligation. The liquidity pool will be distributed according to the trading share of each market maker within the group of official market makers in 2009.

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. 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 Quote 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 conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers can also 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 December 31, 2009. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The associated Quote Obligations (attachment) 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 firm)	E-mail address

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

Attachment to the application for the Status of Designated Market Maker in EURIBOR Futures:

Quote Obligations

Eurex Code:	**FEU3**
Minimum Size:	White Months: 400 contracts Red Months: 100 contracts Green Months: 50 contracts symmetrical on the bid and ask side
Maximum Spread:	White Months: 1.5 ticks Red Months: 2 ticks Green Months: 3 ticks
Quotation Period:	White Months: 80% Red Months: 80% Green Months: 60% of the daily trading period between 08:00 a.m. CET and 07:00 p.m. CET on a monthly average In fast market conditions the spread will be doubled and the number of contracts will be halved. The commitment period starts April 14, 2008 and ends December 31, 2009