X-pand into the Future

e u r e x *circular 095/10*

Date: Frankfurt, May 21, 2010

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

Authorized by: Peter Reitz

High priority

Dividend Derivatives: Introduction of Options on EURO STOXX 50® Index Dividend Futures - Permanent Market Maker Scheme

Related Eurex Circular: 082/10

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Content may be most important for:

Ü All departments

Attachment:

Extract of Market Maker Obligations effective May 25, 2010

Summary:

With this circular Eurex publishes additional details with regard to the introduction of options on EURO STOXX 50® Index Dividend Futures which will become effective on **May 25, 2010**, in particular concerning the Permanent Market Maker Scheme to be introduced for these option products.

Dividend Derivatives: Introduction of Options on EURO STOXX 50® Index Dividend Futures – Permanent Market Maker Scheme

1. Introduction Date

The introduction of the new products will take place on May 25, 2010.

2. Product Codes

Eurex Product			**Underlying Future / Dividend Index**	
Options	Product Code	Product ISIN	EURO STOXX 50® Index Dividend Future (FEXD)	EURO STOXX 50® Index Dividend Points (DVP)
EURO STOXX 50® Index Dividend Options	OEXD	DE000A1DKML1	FEXD	CH0042346186

3. Permanent Market-Making (PMM) in Index Dividend Options

Permanent Market-Making at Eurex consists of continuous quotation of a set of strikes for a predefined set of expirations as well as response to quote requests for all strikes and expirations of a given product. Those obligations relevant to options on EURO STOXX 50® Index Dividend Futures are as follow:

Committed Quotation Time: Continuous quotation for an average of 50 percent of the trading period between 08:30 and 17:30 CET (calculated on a monthly average) on each exchange trading day per calendar month for a predefined number of expirations (maturity range). PMMs will be obliged to quote calls and puts in five strikes out of a strike price window of nine strikes around the current underlying price in every expiration month within the maturity range; i.e. ten series have to be quoted in total for each expiry within the maturity range. Strikes selected for the strike price window are the nine strikes nearest to the respective index dividend future level. Asymmetric quotation is allowed.

Response to Quote Requests: At present, quote requests do not have to be answered.

Market Maker Fees: See Price List.

Fast Market: In Fast Market (definition and announcement by the Exchange), maximum spreads will be increased by 100 percent and the minimum quote size will be reduced by 50 percent.

Minimum Quote Size: The minimum quote size for continuous quotation and response to quote requests within the Permanent Market-Making scheme is identical.

Permanent Market-Making - Maximum Spreads

Number of Expiration (Months)	Bid range (index points)	Maximum Spread (index points)
≤ 47	0 – 1.99	0.40
	2.00 – 19.99	20 %
	> 20.00	4.00

Permanent Market-Making - Minimum Quote Size

Minimum Size (Contracts)	Minimum Size (Contracts) Fast Market
50	25

At the start of trading, the Market Maker Obligations will be available on the Eurex website under the path:

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

4. Risk Parameters

At the start of trading, risk parameters will be published on the Eurex website under the path:

www.eurexchange.com > Clearing > Risk & Margining > Risk Parameters & Initial Margins

5. Mistrade Parameters

At the start of trading Mistrade Ranges for the new options on EURO STOXX 50® Index Dividend Futures will be published on the Eurex website under the path:

www.eurexchange.com > Trading > Products > Dividend Derivatives

6. Position Limits

At the start of trading position limits will be published on the Eurex website under the following path:

www.eurexchange.com > Trading > Products > Dividend Derivatives

Frankfurt, May 21, 2010

Permanent Market-Making (PMM) in Index Dividend Options

Permanent Market-Making at Eurex consists of continuous quotation of a set of strikes for a predefined set of expirations as well as response to quote requests for all strikes and expirations of a given product.

Committed Quotation Time:

Continuous quotation for an average of 50 percent of the trading period between 08:30 and 17:30 CET (calculated on a monthly average) on each Exchange trading day per calendar month for a predefined number of expirations (the maturity range). PMMs will be obliged to quote calls and puts in **five** strikes out of a strike price window of **nine** strikes around the current underlying price in every expiration month within the maturity range; i.e. ten series have to be quoted in total for each expiry within the maturity range. Strikes selected for the strike price window are the nine strikes nearest to the respective index dividend future level. Asymmetric quotation is allowed.

Response to Quote Requests:

At present, quote requests do not have to be answered.

Market Maker Fees:

See Price List.

Fast Market:

In Fast Market (definition and announcement by the Exchange), maximum spreads will be increased by 100 percent and the minimum quote size will be reduced by 50 percent.

Minimum Quote Size: The minimum quote size for continuous quotation and response to quote requests within the Permanent Market-Making scheme is identical.

Permanent Market Making – Maximum Spreads

Number of Expirations Years	Bid range (index points)	Maximum Spread (index points)
≤ 4	0 – 1.99	0.40
	2.00 – 19.99	20 %
	> 20.00	4.00

Permanent Market-Making – Minimum Quote Size

Minimum Size (contracts)	Minimum Size (contracts) Fast Market
50	25