X-pand into the Future

eurex circular 069/17

Date: 3 July 2017
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

EURO STOXX 50® Index Total Return Futures (TESX): Extension of maturities and amendments to Enhanced Designated Market-Making obligations

Related Eurex circular: 110/16

Related Eurex Clearing circulars: 137/16

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Content may be most important for:	**Attachments:**
➲ All departments	1. Updated sections of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich 2. Amendment to Enhanced Designated Market-Making obligations for EURO STOXX 50® Index Total Return Futures

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG took the following decisions effective **10 July 2017:**

- To extend the maturity of EURO STOXX 50® Index Total Return Futures
- To amend the Enhanced Designated Market-Making obligations for EURO STOXX 50® Index Total Return Futures

The extension of the maturity will lead to the introduction of additional December expirations from five years to ten years.

The Enhanced Designated Market-Making obligations (Package ID: TESX) are amended to incorporate quote obligations for the newly introduced expirations. For details, please refer to attachment 2. Participants who are registered as Enhanced Designated Market Makers are required to fulfil the amended obligations from **10 July 2017.**

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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1. Part: Contract Specifications for Futures Contracts

[…]

1.22 Subpart: Contract Specifications for Index Total Return Futures Contracts

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1.22.2 Obligation for Performance

After the close of trading in the contract, the seller of an Index Total Return Futures Contract shall pay in cash any difference between the agreed price and the higher final settlement price (Chapter II Part 2 Number 2.~~23~~22.3 of the Clearing Conditions of Eurex Clearing AG). The purchaser shall pay in cash any difference between the agreed price and the lower final settlement price.

1.22.3 Term

For Index Total Return Futures Contracts on EURO STOXX 50® (Product ID: TESX), terms to 9 years and 11 months expiring on the final settlement day (subsection 1.~~23~~22.4 Paragraph 2) ~~of~~ up to and including the next, twenty-one succeeding quarter-end months (March, June, September, December) as well as up to the next five succeeding year~~-~~end months (December) are available for trading at the Eurex Exchanges.

1.22.4 Last Trading Day, Final Settlement Day, Close of Trading

(1) The last trading day of the Index Total Return Futures Contracts shall generally be the trading day immediately preceding the final settlement day provided that such day is a trading day at the Eurex Exchanges; otherwise, it shall be the trading day immediately preceding such day.

(2) The final settlement day of the Index Total Return Futures Contracts is generally the third Friday of the expiration month provided that such day is a trading day at

the Eurex Exchanges; otherwise, it shall be the trading day immediately preceding such day.

(3) For Index Total Return Futures Contracts on EURO STOXX 50® (Product ID: TESX) close of trading on the last trading day shall be at 17:25 p.m. CET.

1.22.6 Trading Conventions

1.22.6.1 Exchange Trading

Index Total Return Futures Contracts are traded in Total Return Spread ("TRF Spread"). The TRF Spread is an annualised rate expressed in basis points. The TRF Spread represents the spread financing leg (positive or negative) over a Funding Rate (as defined in Number 1.~~23~~22.6.3). Trade matching will occur in TRF spread and all subsequent calculations will be performed by the Eurex Exchanges.

Subsequent to trade matching the TRF Spread shall be used in conjunction with both the applicable index level and the time to maturity to calculate a Traded Basis in index points.

The Traded Basis shall be used in conjunction with Accrued Distributions and Accrued Funding to calculate the Traded Futures Price in index points.

The Traded Basis shall be calculated according to Number 1.~~23~~22.8.1, Accrued Distributions and Accrued Funding according to Number 1.~~23~~22.8.2 and Traded Futures Price according to Number 1.~~23~~22.8.3.

[…]

1.22.6.5 Days to Maturity, Funding Days

The Index Total Return Futures Contracts shall incorporate the days to maturity within the calculation of time to maturity (according to Number 1.~~23~~22.6.4). In relation to the calculation of the days to maturity the following shall be applicable:

Days to maturity(t) = [expiry date + x settlement days] – [t + x settlement days]

Where:

t = current trading day

The Index Total Return Futures Contracts shall also incorporate the number of Funding Days within the calculation. The following calculation of the Funding Days shall be applicable ("Funding Days"):

Funding Days(t) = [t + x settlement days] – [(t -1)+ x settlement days]

Where:

t = current trading day

t-1 = trading day immediately preceding current trading day

- For Index Total Return Futures Contracts on EURO STOXX 50® (Product ID: TESX) days to maturity and Funding Days expressed as actual number of days

are based on the settlement days of the underlying component equities (i.e. on a t+2 settlement basis), therefore:

Settlement day means any day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is open for the settlement of payments in Euro

x settlement days = **2** settlement days

For the avoidance of doubt, all terms used in this subpart are only applicable to Index Total Return Futures Contracts.

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1.22.8 Conversion Parameters and Prices

[…]Daily Settlement Price

The daily settlement price of Index Total Return Futures Contracts is calculated in index points using the same methodology described in 1.23.8.1 and 1.23.8.3 for Trade at Index Close (TAIC) above. Instead of traded TRF Spread a Daily Settlement TRF Spread shall be determined and used with both the applicable index level and the time to maturity to calculate a Settlement Basis (as defined in Chapter II Part 2 Number 2.~~23~~22.2 of the Clearing Conditions of Eurex Clearing AG) in index points. The Settlement Basis shall be used in conjunction with Accrued Distributions and Accrued Funding to calculate the daily settlement price in index points.

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1.22.9 Market Disruption

[…]

1.22.9.2 Market Disruption Calculation of Input Parameters

(1) Disruptions effecting the parameters required for the pricing calculation may lead to a market disruption event as stipulated in Number 1.~~23~~22.9.1. The following methodology regarding the calculation of input parameters leading to a market disruption shall apply:

For Index Total Return Futures Contracts in order to calculate both the Traded Futures Price for Trade at Index Close (TAIC) and the daily settlement price on trading day (t) the following input parameters are required:

[…]

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EURO STOXX 50® Index Total Return Futures: Amendments to Enhanced Designated Market-Making Obligations (Package ID: TESX)

1. Quoting of Additional Expiration Months

Due to the introduction of additional expiration months amended designated market maker quoting obligations have been stipulated for the EURO STOXX 50® Index Total Return Futures Enhanced Designated Market-Making Obligations (Package ID: TESX).

All other terms to Designated Market-Making Obligations (Package ID: TESX) and all other packages remain unchanged as detailed in Eurex Circular 110/16.

2. Quotation Requirements - Enhanced Designated Market Maker (Package ID: TESX)

Designated Market Makers commit to provide two-way prices or quotes in the order book and closing auction for **all** expirations in a specified amount of EURO STOXX 50® Index Total Return Futures.

a. Order Book Quotation

To fulfil the **enhanced** quotation requirements applicable for eligibility to revenue sharing the minimum requirement is that at least **eighty (80) percent** of the quotation period from **09:00** to **17:25 CET** calculated on a monthly average, needs to be quoted. The quotes have to represent a minimum number of contracts quoted with a maximum bid-ask spread (Para 3.a.).

b. Closing Auction Participation

To fulfil the **enhanced** quotation requirements applicable for eligibility to revenue sharing the requirement is to provide two-way quotes for **all** expirations of EURO STOXX 50® Index Total Return Futures in the daily closing auctions. The quotes have to represent a minimum number of contracts quoted with a maximum bid-ask spread (Para 3.b.).

3. Quotation Parameters - Enhanced Designated Market Maker (Package ID: TESX)

a. Maximum percentage spreads and minimum quote size – Order Book

Table: EURO STOXX 50® Index Total Return Futures (Packages ID: TESX)

Expirations	Maximum Spread in Basis Points	Minimum Size in Contracts per Side
1st Expiry (until 10 days prior to expiry)	10.0	50
2nd Expiry	12.5	50
3rd to 21st Expirations	10.0	25
All Other Expirations	12.5	25

b. Maximum percentage spreads and minimum quote size – Closing Auction

Table: EURO STOXX 50® Index Total Return Futures (Packages ID: TESX)

Expirations	Maximum Spread in Basis Points	Minimum Size in Contracts per Side
1st Expiry (until 10 days prior to expiry)	10.0	25
2nd Expiry	12.5	25
3rd to 21st Expirations	10.0	25
All Other Expirations	12.5	25

The quotation parameters are reviewed on a quarterly basis and are subject to change.