X-pand into the Future

eurex circular 183/10

Date: Frankfurt, September 22, 2010

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

Authorized by: Peter Reitz

Action required

Futures and Options on Xetra-Gold®: Further Information

Related Eurex Circular: 154/10

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Content may be most important for:

➲ All departments

Attachments:

1. Price List for Eurex Clearing AG
2. Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation)

Summary:

In connection with the introduction of Xetra-Gold®: Futures (FXGL) and -Options (OXGL) on **September 28, 2010**, this circular contains further information on the following topics:

1. Market Maker Obligations
2. Minimum Size for OTC Block Trades and Flexible Trades
3. Vendor Codes
4. Adjustments of the Price List
5. Setup in Production and Simulation

Futures and Options on Xetra-Gold®: Further Information

Effective September 28, 2010, Euro-Gold Futures (FXGL) and -Options (OXGL) will be tradable at Eurex®. In this connection, the Executive Board of Eurex Clearing AG decided on changes in the Price List for Eurex Clearing AG and the Conditions for Utilization of the OTC Trade Entry Facilities which will come into effect on September 28, 2010.

The circular contains further information on the following topics:

1. Market Maker Obligations
2. Minimum Size for OTC Block Trades and Flexible Trades
3. Vendor Codes
4. Adjustments in the Price List
5. Setup in Production and Simulation

1. Market Maker Obligations

Until the end of the year 2011, Market Makers will benefit from a total waiver of all product-specific trading and clearing fees of order book transactions on the M-account.

A Designated Market-Making scheme was set up for futures. For options, a Permanent Market-Making scheme was introduced.

Futures

In order to encourage trading activities in the new Xetra-Gold® Futures, a Designated Market-Making scheme (DMM) will be offered until December 31, 2011:

Designated Market Makers guarantee continuous liquidity by quoting bid and ask prices for a specified minimum amount of contracts subject to maximum spreads. Upon fulfillment of quotation obligations, Eurex Clearing will reimburse 100 percent of the transaction fees for all trades concluded on M-accounts by Designated Market Makers in the order book.

Quote obligations are as follows:

Market-Making Requirements	FXGL
Amount of expiration months to be quoted for DMM	First 3 expirations
Maximum Spread	Front month 0.30 € Back months 0.60 €
Minimum quote size (contracts)	50
Daily coverage	85% of trading time

Options

For the new Xetra-Gold® options, a Permanent Market-Making scheme (PMM) will be available. If Market Makers fulfill their obligations, Eurex will in return reimburse 100 percent of the transaction fees for contracts concluded by Permanent Market Makers on M-accounts in the order book. According to the price list, as of January 1, 2012, Market Makers will be reimbursed 50 percent of these fees.

Quote obligations are as follows:

Market-Making Requirements	**OXGL**
Amount of expiration months to be quoted for PMM	First 8 expirations (up to and including 18 months)
Maximum Spread	Spread class 3
Minimum quotation size (contracts)	50
Strike price window	15
to be quoted	10
Daily coverage	85% of trading time

Spread Class 3		
	Maximum Spread	
Bid up to	Expiration months	
	≤ 8	> 8
0 – 2.00	0.20	0.30
2.01 – 20.00	10%	15%
> 20.00	2.00	3.00

For further information, please contact Eurex Product Development, Dr. Michael Durica and Nadja Urban.

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

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

2. Minimum Size for OTC Block Trades and Flexible Trades

Trades concluded bilaterally can be entered into the Eurex® system via the OTC-Trade Entry facilities (Block Trade, Flexible Futures and Flexible Options). For OTC Block Trades, Flexible Options Trades and Flexible Futures Trades, the minimum size of 100 applies.

3. Vendor Codes

Vendor Name	**Future**	**Option**
CGQ	FXGL	OXGL
Interactivedata	FXGLmy	OXGLmy
Bloomberg	*tbd*	*tbd*
Reuters	<0#FXGL:>	<0#OXGL*.EX>

As of start of trading, the vendor codes will be published on the Eurex website under the following path:

www.eurexchange.com > Trading > Products > Vendor Product Codes Search

4. Price List

For the adjustments in the Price List, please refer to attachment 1.

5. Preparations before Start of Trading

- As of Friday, September 17, 2010, the gold products will be available in the simulation environment.
- Members will be informed via a Newsboard message about the setup of the gold products and the corresponding margin classes in the Eurex® production system.
- The Product Assignment Group of the futures is ENSFSE, the Product Assignment Group of the options is ENSOEE.
- On Tuesday, September 28, 2010, trading in the Xetra-Gold® derivatives will start. As of 07:31 CEST on this day, orders and quotes can be entered in the Eurex® system.
- For further information on trading of the new products at Eurex, please refer to the Eurex website under the path:

www.eurexchange.com > Trading > Product > Commodity Derivatives

Frankfurt, September 22, 2010

Price List for Eurex Clearing AG

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Amendments are marked as follows:

Additions are underlined

Deletions are crossed-out

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[...]

3 Transaction Fees of Eurex Deutschland and Eurex Zürich

[...]

3.1 Matching of Exchange Transactions / Recording of Derivatives Transactions (Trade)

3.1.1 Exchange Transactions

3.1.1.1 Regular Transactions

Contract	Fee per Contract A and P Accounts	Fee per Contract M-Accounts (Regular Market-Making)*	Fee per Contract M-Accounts (Permanent Market-Making)*	Fee per Contract M-Accounts (Advanced Market-Making)*
[...]				
Inflation Derivatives				
Precious Metal Derivatives				
Futures				
Xetra-Gold®-Futures	EUR 0.20			
Options				
Xetra-Gold®-Options	EUR 0.20		EUR 0.10	

* If the Market Maker requirements determined by the Management Boards of the Eurex Exchanges are met, part of the paid fees is reimbursed. This leads to an actual fee for the matching of contracts, such fee reflecting the fees of the respective Market Making models which are specified in the column "Fee per Contract M-Accounts".

[...]

3.1.2 OTC Transactions

3.1.2.1 Fees for OTC Entries – Block Trades

Kontrakt	Fee per Contract A and P Accounts	Fee per Contract M-Accounts (Regular Market-Making)*	Fee per Contract M-Accounts (Permanent Market-Making)*	Fee per Contract M-Accounts (Advanced Market-Making)*
[…]				
Inflation Derivatives				
Precious Metal Derivatives				
Futures				
Xetra-Gold®-Futures	EUR 0.30			
Optionen				
Xetra-Gold®-Options	EUR 0.30			

* If the Market Maker requirements determined by the Management Boards of the Eurex Exchanges are met, part of the paid fees is reimbursed. This leads to an actual fee for the matching of contracts, such fee reflecting the fees of the respective Market Making models which are specified in the column "Fee per Contract M-Accounts".

[…]

3.1.2.2 OTC Entries – Flexible Contracts

[…]

Contract	Fee per Contract A- und P-Accounts	Maximum Fee per Trade Entry A-Account	**[…]**
[…]			
Precious Metal Derivatives			
Futures			
Xetra-Gold®-Futures	EUR 0.30		
Options			
Xetra-Gold®-Options	EUR 0.30		

[…]

3.2 Position Closing Adjustments

Position Closing Adjustments, if these do not take place between 13:30 CET on the day of trade and before 13:30 CET of the following trading day:

Contract:	Fee per Contract:
[…]	
Precious Metal Derivatives	
Xetra-Gold®-Futures	EUR 0.40
Xetra-Gold®-Options	EUR 0.40

[…]

3.3 Cash Settlement

Kontrakt:	Fee per Contract:	Maximum Fee for Contracts on the same underlying of each A-, P- and M-accounts
[…]		
Inflation Derivatives		
Precious Metal Derivatives		
Xetra-Gold®-Futures	EUR 0.20	

[…]

3.6 Exercise of Options

Contracts:	Fee per Contract A- and P-Accounts	Fee per Contract M-Accounts (Regular Market-Making)*	Fee per Contract M-Accounts (Permanent Market-Making)*	Fee per Contract M-Accounts (Advanced Market-Making)*
[…]				
Interest Rate Derivatives***				
[…]				
Precious Metal Derivatives				
Xetra-Gold®-Options	EUR 0.20		EUR 0.10	

* If the Market Maker requirements determined by the Management Boards of the Eurex Exchanges are met, part of the fees shall be reimbursed. This leads to an actual fee for the execution of options reflecting the fees in the respective Market-Maker model specified in the column "Fee per Contract M-Accounts".

** For the execution of LEPOs, no fees are charged.

*** For transactions carried out after the option in the resulting Futures contract was exercised, the fees for the Futures on which such options are based shall be applicable respectively.

[…]

3.8 Delivery resulting from ~~of~~ Futures

Contract:	Fee per Contract:
~~Derivatives on Exchange traded Index Funds~~	
[…]	
Xetra-Gold®-Futures	EUR 0.20

[…]

Conditions for Utilization of the OTC Trade Entry
(General Conditions for Participation)

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Amendments are marked as follows:

Additions are underlined

Deletions are crossed-out

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[...]

5 Contract Price of OTC Trades

5.1 The contract price of OTC Trades entered into the Eurex Clearing System using one of the OTC Trade Entry Facilities must lie within an interval determined by Eurex Clearing AG pursuant to subsection 5.2 and 5.3. If such interval cannot be determined pursuant to subsection 5.2 and 5.3, Eurex Clearing AG shall determine it at its own discretion.

5.2 For Futures Contracts, the intervals within the meaning of subsection 5.1 are generally determined as follows:

5.2.1 The upper limit of the admitted entry interval results from the daily settlement price of the respective futures contract of the previous trading day pursuant to Chapter II Number 2.1.2 (2) d) of the Clearing Conditions plus an amount of 20 % of the margin parameter (available on the internet website www.eurexclearing.com) respectively defined for this contract by Eurex Clearing AG. If the daily high of the futures contract, at which the contract is actually traded, or the synthetic daily high of the futures contract exceeds the value pursuant to Clause 1, the upper limit of the admitted entry interval results from the respectively higher value of these two. In order to determine the upper limit of the admitted entry interval, the highest value determined pursuant to Clause 1 and 2 shall respectively be increased by 5 % of the value pursuant to Clause 1 in case of futures contracts on shares, by 2 % of the value according to Clause 1 in case of MSCI Japan-Index-Futures contracts and by 0.2 % of the value pursuant to Clause 1 in case of other futures contracts.

The lower limit of the admitted entry interval results from the daily settlement price of the respective futures contract of the previous trading day pursuant to Chapter II Number 2.1.2 (2) d) of the Clearing Conditions minus an amount of 20 % of the margin parameter respectively defined for this contract by Eurex Clearing AG (available on the internet website www.eurexclearing.com). If the daily low of the futures contract, at which the contract is actually traded, or the synthetic daily low of the futures contract underlies the value pursuant to Clause 1, the lower limit of the admitted entry interval results from the respectively lower value of these two. In order to determine the lower limit of the admitted entry interval, the lowest value determined pursuant to Clause 4 and 5 shall respectively be diminished by 5 % of the value pursuant to Clause 4 in case of futures contracts on shares and by 0.2 % of the value pursuant to Clause 4 in

case of other futures contracts.

The synthetic daily high shall be determined by Eurex Clearing AG through the actually traded daily high in all expiry months and the price margins between the daily settlement prices of the different expiration months of the respective futures contracts.

The synthetic daily low shall be determined by Eurex Clearing AG through the actually traded daily low in all expiry months and the price margins between the daily settlement prices of the different expiration months of the respective futures contracts.

[...]

5.3 For options contracts, theoretical maximum and minimum values for the option price of a Block Trade are determined during the trading day on the basis of the daily high and daily low values of the respective underlying instrument, as recorded up to the time of entry of the Block Trade, and the respective implied volatilities established within the options market of the Eurex Exchanges. The interval thus determined is extended on all trading days except the expiration days by 50 per cent of the maximum Quote Spread permissible for the respective product. On expiration days, the interval will be extended by the entire valid maximum quote spread, resulting in the range of permissible option prices for Block Trades. If options strategies and options volatility strategies are entered, the sum of daily high and daily low values contained in the options strategy shall apply to the determination of the strategy daily high and daily low values.

[...]

9 Admitted Products, Combinations and Combination Transactions Option-Share

[...]

9.3 Eurex Clearing AG has admitted the products listed in the following to the Block Trade Facility even if they had been entered within the scope of options strategies, options volatility strategies or a Combination Transactions Option-Share, consisting of OTC options transactions and OTC security transactions:

Product	Minimum number of contracts to be traded
[...]	
Xetra-Gold®-Future (FXGL)	100
[...]	
Xetra-Gold®-Option (OXGL)	100

[...]

9.5 The Eurex Clearing AG has admitted the following products to the Flexible-Options-and the Flexible Futures Trade-Functionality:

I. Flexible Eurex Options Contracts	Minimum number of contracts to be traded
[...]	
Xetra-Gold®-Option (OXGL)	100

II. Flexible Eurex Futures Contracts	Minimum number of contracts to be traded
[...]	
Xetra-Gold®-Future (FXGL)	100

Annex A to the General Conditions for Participation:

OTC Periods of Use (all times in CET)

[...]

Gold-Futures Contracts

Product	Product -ID	OTC Trading
Xetra-Gold®-Future (FXGL)	FXGL	09:00-19:00

[...]

Periods of Use Option Contracts

[...]

Gold-Options Contracts

Produkt	Product -ID	OTC Trading
Xetra-Gold®-Option	OXGL	09:00-19:00

[...]