X-pand into the Future

eurex circular 113/11

Date: May 12, 2011

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

Authorized by: Peter Reitz

High priority

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

Related Eurex Circulars: 082/10, 95/10

Contact: Christine Heyde (Product Development), tel. +49-69-211-1 56 98,
e-mail: christine.heyde@eurexchange.com,
Mehtap Dinc (Product Development), tel. +49-69-211-1 72 84,
e-mail: mehtap.dinc@eurexchange.com,
Paul Beck (Sales & Marketing), tel. +33-155 2 76-7 72, e-mail: paul.beck@eurexchange.com

Content may be most important for:

➲ All departments

Attachment:

Modified section of the Price List for Eurex Clearing AG

Summary:

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to change the Permanent Market-Making scheme in options on EURO STOXX 50® Index Dividend Futures effective **June 1, 2011**.

As of this date, Eurex will rebate its Permanent Market Makers who fulfill quote obligations in options on EURO STOXX 50® Index Dividend Futures transaction fees for all contracts concluded on "M" accounts **by 100 percent** until and including **December 31, 2011** and by **50 percent** for the period between **January 1 until December 31, 2012**.

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

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to change the Permanent Market-Making scheme in options on EURO STOXX 50® Index Dividend Futures effective June 1, 2011. As of this date, Eurex will rebate its Permanent Market Makers who fulfill quote obligations in options on EURO STOXX 50® Index Dividend Futures transaction fees for all contracts concluded on "M" accounts by 100 percent until and including December 31, 2011 and by 50 percent for the period between January 1 until December 31, 2012.

Options on EURO STOXX 50® Index Dividend Futures have been available for trading at Eurex since May 25, 2010 under product code OEXD (product ISIN: DE000A1DKML1).

Permanent Market-Making (PMM) in Options on EURO STOXX 50® Index Dividend Futures

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.

For options on EURO STOXX 50® Index Dividend Futures, the obligations are as follows:

- **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 expiration 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.

- **Response to daily Price Requests:** PMMs must answer price requests submitted by Eurex Market Supervision (maximum of two requests per day) within 30 minutes. The information is used by Eurex for its calculations and is not intended to be published in its original form.

- **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 Spread

Number of Expiration Months	Bid range (index points)	Maximum Spread (index points)
4	0 – 3.99	0.80
	4.00 – 19.99	20 %
	> 20.00	4.00

Permanent Market-Making - Minimum Quote Size

Minimum Size (Contracts)	Minimum Size (Contracts) Fast Market
100	50

Eurex reserves the right to reassess the Market-Making scheme on a regular basis.

- **Market Maker Fees**: The standard fee per contract for options on EURO STOXX 50® Index Dividend Futures is EUR 1.20 (see Price List). Upon fulfillment of the PMM quote obligations, the following rebates will be granted for OTC-Block trades and for trades concluded in the electronic order book on "M" accounts in options on EURO STOXX 50® Index Dividend Futures:
  - for the period from June 1 to December 31, 2011: 100 percent of transaction fees, and
  - for the period from January 1 to December 31, 2012: 50 percent of transaction fees.

Effective June 1, 2011, the updated Market Maker Obligations will be available on the Eurex website under the following path:

www.eurexchange.com > Handel > Marktmodell > Market-Making

For direct access to the document click on the following link:
http://www.eurexchange.com/trading/market_model/market_making/obligations_en.html

Eurex Members who wish to participate in this scheme are not required to apply specifically. Compliance with the scheme will be monitored automatically. However, we would like to ask interested Members to contact Mehtap Dinc at tel. +49-69-211-1 72 84 or e-mail: mehtap.dinc@eurexchange.com or Christine Heyde at tel. +49-69-211-1 56 98 or e-mail: christine.heyde@eurexchange.com.

May 12, 2011

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MODIFICATIONS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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3. Transaction Fees for Derivatives Transactions (Transactions on the Eurex Exchanges and OTC-Transactions)

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3.2 Rebates

3.2.1 Market Making Rebates

Upon fulfilment of the published Market Making Requirements, parts of the fees pursuant to Numbers 3.1.1, 3.1.3 and 3.7 for transactions correctly booked on M-Accounts are refunded on a monthly basis. The rebate levels are as follows:

Product / Product Group	RMM and PMM schemes		AMM schemes	
	Order Book and Exercises	OTC entries	Order Book and Exercises	OTC entries
Equity Index Options	55 %	40 %	80 %	60 %
Equity Options	55 %	40 %	80 %	60 %
Eurex-KOSPI-Daily-Futures-Contracts	50 %	50 %	n. a.	n. a.
~~EURO STOXX® 50 Dividend Options~~	~~50 %~~	~~50 %~~	~~n.a.~~	~~n.a.~~
Gold-Futures, Silver-Futures, Gold-Options, Silver-Options	75 %	n.a.	n.a.	n.a.
Options on Euro-Bund, Options on Euro-Bobl, Options on Schatz-Future	80 %	70 %	90 %	85 %
Options on Exchange Traded Index Fund Shares	50 %	50 %	75 %	75 %
Options on Three-Month EURIBOR Future	80 %	80 %	n. a.	n. a.
Xetra-Gold®-Options	50 %	n.a.	n.a.	n.a.

For OTC-Entries via the Flexible Options facility, market making rebates are not granted.

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