X-pand into the Future

eurex circular 140/16

Date: 22 December 2016
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

EURIBOR futures:
Extension of Designated Market-Making scheme

Contact: Rex Jones, T +49-69-211-1 78 06, rex.jones@eurexchange.com,
Vassily Pascalis, T +44-207-862-72 11, vassily.pascalis@eurexchange.com

Content may be most important for:	**Attachments:**
➲ All departments	1. Designated Market Maker Agreement 2. Designated Market Maker Quote Obligations and Incentives

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have decided to extend the Designated Market-Making scheme in a modified version for EURIBOR futures (FEU3) until **30 June 2017**. This measure aims at ensuring and further improving liquidity in the order book.

Interested Participants are requested to fill in and return the attached Designated Market Maker Agreement (attachment 1) by **9 January 2017** to Rex Jones, fax +49-69-211-61 78 06 or e-mail rex.jones@eurexchange.com, for registration.

Information about the related decisions to be passed by Eurex Clearing AG will be published in a separate Eurex Clearing circular at a later date. Thus the new scheme is subject to the corresponding decision by Eurex Clearing AG.

If you have any questions or require further information, please refer to one of the above-mentioned contact persons.

EURIBOR futures:
Extension of Designated Market-Making scheme

1. Extension of existing Market-Making scheme in EURIBOR futures (FEU3)

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have decided to extend the Designated Market-Making scheme for EURIBOR futures until 30 June 2017. The existing scheme, which had been announced in December 2015 with Eurex circular 232/15, will be extended in a modified version to run until 30 June 2017.

Eurex Exchange will continue to offer Market Makers who fulfil the quoting obligations of the Designated Market-Making scheme in EURIBOR futures (outrights) fixed stipends from 1 January 2017 until 30 June 2017. Payment of fixed stipends is limited to a maximum of three Market Makers per package. The measurement and qualification as Market Maker is evaluated on Eurex Trading Member level. Therefore, only one Market Maker per Eurex Trading Member can qualify.

For interested Market Makers a qualifying month (January 2017) will be applicable. If more than three Market Makers register for the scheme, the selection of the three Market Makers to be admitted to the scheme in 2017 will be done on the basis of the best performance in the qualifying month according to the following equally weighted criteria:

- Spread quality in the M-account (bid/ask spread)
- Quote size in the M-account
- Quoting time in the M-account (coverage in percent)
- Volumes traded in the M- and P-accounts

Minimum requirements to be fulfilled are the quote obligations as set out in attachment 2 to this circular.

If one of the three admissible Market Makers per package fails to fulfil its obligations until the end of June 2017, other Market Makers may be admitted.

2. Incentives for creation of open interest in EURIBOR futures (FEU3)

Combined with the fulfilment of quote obligations, Eurex Exchange will continue to offer incentives to Market Makers for the creation of open interest in EURIBOR futures (FEU3) until 30 June 2017. The existing scheme, which had been announced in December 2015 with Eurex circular 232/15, will be extended in a modified version to run until 30 June 2017. Please refer to attachment 2 for details of the Designated Market-Making scheme.

Interested Participants are requested to fill in and return the attached Designated Market Maker Agreement (attachment 1) by 9 January 2017 latest to Rex Jones, fax +49-69-211-61 78 06 or e-mail rex.jones@eurexchange.com, for registration.

22 December 2016

Please return by fax or e-mail to:

Rex Jones

rex.jones@eurexchange.com
Fax no. +49-69-211-61 78 06

Designated Market Maker Agreement for Futures on Three-Month EURIBOR

dated as of: _____

1. Eurex Frankfurt AG ("EFAG") and Eurex Clearing AG ("ECAG") and

_____ ("Participant")

(name of Participant/Member ID)

hereby enter into this Designated Market Maker Agreement (the "Agreement") for the period **from 1 January 2017 until 30 June 2017** under the conditions outlined below with respect to the following products:

Futures on	**Eurex product code**	**Please tick (✓) the appropriate box**
Three-Month EURIBOR (Outrights – PACK1)	FEU3	☐
Three-Month EURIBOR (Outrights – PACK2)	FEU3	☐

The programme and payment of fixed stipends and open interest incentives is limited to a maximum of three Market Makers per package. The measurement and qualification as Market Maker is evaluated on Eurex Trading Participant level. Therefore, only one Market Maker per Eurex Trading Participant can qualify.

If more than three Market Makers register for the scheme, the selection of the three Market Makers to be admitted to the scheme in 2017 will be done on the basis of the best performance in the qualifying month (January 2017) according to the equally weighted criteria mentioned in Eurex circular 140/16.

2. The Participant shall

a) fulfil the Market-Making Obligations as set out by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG ("Eurex Market-Making Obligations") and published via Eurex circular. The current Eurex Market-Making Obligations for Three-Month EURIBOR Futures were published in Eurex circular 140/16 (attachment 2).

b) provide EFAG with the name of a manager, who has the authorisation and expertise necessary to fulfil the commitments required under the Eurex Market-Making Obligations.

c) provide EFAG with the name of a manager who has the authorisation and expertise necessary to make decisions and act as coordinator for the Participant, who will be available for EFAG and ECAG with respect to this Agreement.

d) inform EFAG in the event the Participant is or will be unable to fulfil the Eurex Market-Making Obligations without undue delay and at the latest within one business day.

3. ECAG shall

a) refund one hundred (100) percent of all transaction fees (order book on Eurex Deutschland and Eurex Zürich (collectively the Eurex Exchanges)) and one hundred (100) percent of all transaction fees (off-book-transactions entered into via the Trade Entry Services) for the contracts traded by the Participant on M-accounts in the respective products up to and including **30 June 2017**. The refund for the respective month will be calculated at the beginning of the subsequent month. Refunds will be paid in full only if the Eurex Market-Making Obligations have been fulfilled in the month prior to the month in which they are applicable. No refunds will be made for contracts traded on A- or P-accounts.

b) offer monthly stipends up to 30 June 2017 for a minimum volume of 2,500 traded contracts for each Market Maker per calendar month and upon fulfilment of the obligations as stated in attachment 2.

c) offer a monthly incentive (i.e. fixed payment) for Open Interest held in M-Accounts up to 30 June 2017 upon fulfilment of the obligations as stated in attachment 2.

4. EFAG and ECAG shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:

a) The Participant does not comply with the Eurex Market-Making Obligations for two consecutive months counted as of the date of this Agreement. Conformance of the Participant with the Eurex Market-Making Obligations shall be monitored by EFAG. EFAG will determine in its sole discretion whether the Participant has fulfilled the Eurex Market-Making Obligations.

b) The Participant does not comply with any other of its obligations stated under No. 2 above.

5. The Participant shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:

a) A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned products.

b) A significant change to the Eurex Market-Making Obligations.

6. The Participant as well as EFAG and ECAG shall be entitled to terminate this Agreement without giving any reason with one (1) calendar month’s prior notice.

7. The Participant shall be notified of any changes to this Agreement and the Eurex Market-Making Obligations at least three (3) business days prior to the effective date thereof. The Participant accepts the amendments, provided a written objection is not filed with ECAG and EFAG within three (3) business days after the publication. ECAG and EFAG reserve the right to terminate the contract in case of non-acceptance of the amendments.

8. EFAG and ECAG offer this contractual agreement to interested Eurex Trading Participants. Through signature by the Trading Participant, this Agreement automatically becomes a binding contract, even without counter-signature by representatives of EFAG and ECAG.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)

_____
Place, date

_____	_____
Name	Position
_____	_____
Phone	Fax
_____	_____
(Signature/Stamp of the company)	E-mail address

Please send the completed Agreement to the fax number or e-mail address indicated on page 1.

Quote obligations and incentives in EURIBOR Futures (Market-Making Obligations): Designated Market-Making Scheme in Eurex Three-Month EURIBOR Futures (Outrights)

	Quote Obligations - Outrights					Incentive Package		
	Months	Expiration Months	Spread	Minimum Size (Quarterly Months)	Quotation Time	Fee Rebate	Stipend 2017	Net Revenue Sharing
	White, Reds & Greens					**White, Reds & Greens**		
Package 1 - Outrights	**White Months**	exp 1 - exp 2 exp 3 - exp 4	1.0 bps	500 symmetrical	80% of the Trading Day (08:00 a.m. - 05:00 p.m. CET)	100%	€ 10,000	n/a
	Red Months	exp 5 - exp 6 exp 7 - exp 8	1.0 bps	250 symmetrical	80% of the Trading Day (08:00 a.m. - 05:00 p.m. CET)			
	Green Months	exp 9 - exp 10 exp 11 - exp 12	1.5 bps	100 symmetrical	60% of the Trading Day (08:00 a.m. - 05:00 p.m. CET)			
	Blues & Golds					**Blues & Golds**		
Package 2 - Outrights	**Blue Months**	exp 13 - exp 16	2.0 bps	50 symmetrical	60% of the Trading Day (08:00 a.m. - 05:00 p.m. CET)	100%	€ 2,000	n/a
	Gold Months	exp 17 - exp 20	4.0 bps	50 symmetrical	60% of the Trading Day (08:00 a.m. - 05:00 p.m. CET)			

Quote Obligations for Market-Making in EURIBOR Futures (Outrights) and Incentives:

- In fast market conditions the spread will be doubled and the number of contracts will be halved.
- The market-making scheme starts on 1 January 2017 and ends on 30 June 2017.
- Stipend payment in EURIBOR Futures (Outrights) for each Eurex Trading Member per calendar month.

M-Account Open Interest Incentives (after fulfilment of MM obligations)

Open Interest* Held in M-Account			Incentive
Expiry Months	From (contracts)	To (contracts)	Total Monthly Incentive
All	**0**	**9.999**	**€ 0**
All	**10.000**	**19.999**	**€ 4.000**
All	**20.000**	**above**	**€ 10.000**

*** Open Interest is considered as the sum of longs & shorts for netted expiry for Market-Markers. Open Interest is calculated on a monthly average basis**

The Open Interest Incentives are valid from 1 January 2017 until 30 June 2017.