X-pand into the Future

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Senders: 1. Eurex Deutschland and Eurex Zürich
2. Eurex Clearing AG

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

Authorized by: Peter Reitz

Euro-BTP Futures: Reduction of Minimum Size for Block Trades in Short and Mid Term Euro-BTP Futures; Adjustment of Price Entry Interval for OTC Trades; Freeze of Delivery Basket prior to Roll-Over Period

Related Eurex Circulars: 120/09, 156/09, 182/10, 180/11

Contact: Nadja Urban (Product Development), tel. +49-69-211-1 51 05, e-mail: nadja.urban@eurexchange.com, Joachim Heinz (Product Development), tel. +49-69-211-1 59 55, e-mail: joachim.heinz@eurexchange.com

Content may be most important for:

➲ All departments

Attachments:

Updated sections of

Eurex Deutschland and Eurex Zürich

1. Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich

Eurex Clearing AG

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

Summary:

The Executive Board of Eurex Clearing AG decided to reduce the minimum entry size for Block Trades in short-term and mid-term Euro-BTP futures from 250 to 100 contracts and to extend the price entry interval for OTC trades for the entire BTP futures segment. Moreover, the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided that, starting with contract month June 2012, bonds issued by the Republic of Italy must already have a minimum issue volume of EUR 5 billion ten exchange trading days prior to the last trading day of the current contract month, otherwise they are not deliverable up to the delivery day of the current contract month into the respective futures contracts on short-term, mid-term and long-term bonds issued by the Republic of Italy.

The decisions will take effect on **January 9, 2012**.

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Eurex Deutschland and Eurex Zürich

To implement these decisions, Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be amended as specified in attachment 1 with effect from January 9, 2012.

Eurex Clearing AG

To implement the decisions of the Management Boards of the Eurex Exchanges, Eurex Clearing AG will adjust the Clearing Conditions for Eurex Clearing AG (attachment 2) and the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation) (attachment 3) with regard to the clearing services it offers. These changes will also become effective on January 9, 2012.

1. Short and Mid Term Euro-BTP Futures: Reduction of Minimum Entry Size for Block Trades

In view of the order book situation in short-term and mid-term Euro-BTP futures, the Executive Board of Eurex Clearing AG decided to reduce the minimum entry size for Block Trades in short-term and mid-term Euro-BTP futures from 250 to 100 contracts. Effects of this measure will be evaluated after six months and the minimum entry size might be adjusted again to the then prevailing market conditions.

A list of Market Makers for OTC Block Trades in Euro-BTP futures can be found on the Eurex website under the following path:

www.eurexchange.com > Trading & Products > Market Model > Market-Making > Designated Market-Making

Click here to be directly forwarded to the document:
http://www.eurexchange.com/trading/market_model/market_making/designated_en.html

2. Euro-BTP Futures: Adjustment of Price Entry Interval for OTC Trades

Due to increased volatility in futures contracts on Italian government bonds, the Executive Board of Eurex Clearing AG decided to extend the price intervals for entry of OTC trades for the entire BTP futures segment.

Absolute price entry limits of 0.03 ticks (short-term BTP futures), 0.05 ticks (mid-term BTP futures) and 0.08 ticks (long-term BTP futures) deviating from the day's highest and lowest prices of the respective futures contract will be replaced by a relative price entry interval which is stipulated in the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation) (attachment 3) and is already applied to index futures.

3. Freeze of Delivery Basket prior to Roll-Over Period

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided that, starting with contract month June 2012, bonds issued by the Republic of Italy must already have a minimum issue volume of EUR 5 billion ten exchange trading days prior to the last trading day of the current contract month, otherwise they are not deliverable up to the delivery day of the current contract month into the respective futures contracts on short-term, mid-term and long-term bonds issued by the Republic of Italy.

This measure removes uncertainty about a possible cheapest-to-deliver change due to new issues shortly before the roll-over in Euro-BTP futures.

If you have any questions or require further information, please contact Nadja Urban, tel. +49-69-211-1 51 05, e-mail: nadja.urban@eurexchange.com, or Joachim Heinz, tel. +49-69-211-1 59 55, e-mail: joachim.heinz@eurexchange.com.

December 22, 2011

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

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1. Part: Contract Specifications for Futures Contracts

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1.2 Subpart: Contract Specifications for Fixed Income Futures Contracts

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1.2.2 Obligation for Performance

(1) After the close of trading in the respective Euro Fixed Income Futures Contract, the seller of a Euro Fixed Income Futures undertakes to notify debt securities with the nominal value of the respective contract from the respective basket of deliverable bonds and to deliver such debt securities on the delivery day (subsection 1.2.6 paragraph (1)). Debt securities denominated in Euro may be selected for delivery, having a non-redeemable remaining term pursuant to subsection 1.2.1 paragraph (1). The debt securities must have a minimum issue volume of EUR 5 billion. Starting with the contract month of June 2012, debt securities of the Republic of Italy have to possess a minimum issuance volume of EUR 5 billion no later than 10 exchange days prior to the last trading day of the current due month (Number 1.2.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich), otherwise, they shall not be deliverable until the delivery day of the current due month in Futures contracts on short-term, mid-term and long-term debt securities of the Republic of Italy.

(2) […]

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Chapter II Transactions Concluded at Eurex Deutschland and Eurex Zürich (Eurex Exchanges)

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Part 2
Clearing of Futures Contracts

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2.3 Clearing of Fixed Income Futures contracts

The following provisions shall apply to the Clearing of Fixed Income Futures contract transactions specified in Number 1.2 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich.

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2.3.4 Fulfilment, Delivery

(1) A delivery obligation arising out of a short position in a Euro-fixed income futures contract may only be performed by the debt securities determined by Eurex Clearing AG. For delivery, debt securities denominated in EUR with a fixed coupon of the Federal Republic of Germany (for Euro-Schatz-, Euro-Bobl-, Euro-Bund- and Euro-Buxl Futures contracts) and of the Republic of Italy (Short term Euro-BTP-Futures contracts and Euro-BTP-Futures contracts) can be chosen with a remaining uncallable term of:

- 1.75 up to 2.25 years for Euro-treasure Futures contracts
- 4.5 up to 5.5 years for Euro-Bobls Futures contracts
- 8.5 up to 10.5 years for Euro-federal Futures contracts
- 24 up to 35 years for Euro-Buxl Futures contracts

- 2 up to 3.25 years for Short-term Euro-BTP-Futures contracts
- 4.5 up to 6 years and an original term of no longer than 16 years for Mid-term Euro-BTP-Futures contracts
- 8.5 up to 11 years and an original term of no longer than 16 years for Euro-BTP Futures contracts.

The debt securities ~~bonds~~ have to possess a minimum issuance volume of EUR 5 billion. Starting with the contract month of June 2012, debt securities of the Republic of Italy have to possess a minimum issuance volume of EUR 5 billion no later than 10 exchange days prior to the last trading day of the current due month (Number 1.2.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich), otherwise, they shall not be deliverable until the delivery day of the current due month in Futures contracts on short-term, mid-term and long-term debt securities of the Republic of Italy.

A delivery obligation arising out of a short position in a CONF futures contract may only be performed by obligations determined by Eurex Clearing AG. Obligations of the Swiss Confederation denominated in Swiss Francs with a remaining term of at least eight years up to 13 years at most can be chosen. Concerning obligations with early redemption option, the first and last possible redemption date at the point of delivery of the contract must be between eight and 13 years. The obligations must possess a minimum issuance volume of CHF 500 millions.

(2) Two Business Days prior to the tenth calendar day of a quarter month (notification day), the Clearing Members with open short positions must indicate the type of bonds they will deliver to Eurex Clearing AG after transaction closing until the end of the post-trading full-period. Existing delivery notifications can be changed until closing of the post-trading full period. If a delivery notice is not made in time, Eurex Clearing AG determines the bonds to be delivered by the Clearing Member. The actual amount of notified debt securities have to be confirmed by Clearing Members vis-à-vis Eurex Clearing AG one day prior to the delivery day.

(3) After the end of the Post-Trading Period on the Notice Day, Eurex Clearing AG shall allocate to the Clearing Members with open long positions the bonds notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Clearing Members will be informed on the next Business Day as to which bonds were allocated to them and at what tender.

(4) Paragraphs (1) to (3) shall apply to the legal relationship between Clearing Members and their relevant Non-Clearing Members; Paragraph (3) shall apply *mutatis mutandis* to the legal relationship between Clearing Members or Non-Clearing Members, as the case may be, and their respective customers.

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5 Contract Price of OTC Trades

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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) a) – e) 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 value determined pursuant to Clause 1 and 2 shall respectively be increased by

- 9,99 % in case of Hurricane Futures Contract,
- 5 % in case of futures contracts on shares with the group IDs BR01, CA01, CA02, US01 und US02 assigned in Annex B of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich, Agricultural Index Futures Contracts, Commodity Index Futures Contracts, Property Index Futures Contracts and Precious Metal-Futures Contracts,
- 4,5 % in case of futures contracts on the Dividends of Shares and on Index Dividend Futures Contracts,
- 2 % in case of MSCI Japan Index Futures Contracts and
- 0,2 % 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) a) – e) 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 value determined pursuant to Clause 4 and 5 shall respectively be diminished by

- 9,99 % in case of Hurricane Futures Contract,
- 5 % in case of futures contracts on shares with the group IDs BR01, CA01, CA02, US01 und US02 assigned in Annex B of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich, Agricultural Index Futures Contracts, Commodity Index Futures Contracts, Property Index Futures Contracts and Precious Metal-Futures Contracts,
- 4,5 % in case of futures contracts on the Dividends of Shares and on Index Dividend Futures Contracts,
- 2 % in case of MSCI Japan Index Futures Contracts and
- 0,2 % 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.

5.2.2 In deviation to Number 5.2.1, the interval for Futures contracts on short-, mid- and long-term debt securities of the Federal Republic of Germany~~, the Republic of Italy~~ and of ~~respectively~~ the Swiss Confederation respectively, results from the daily high and daily low of the respective Futures contract. When calculating the interval, the following premiums and reductions shall be added respectively deducted:

Conf-Futures	+/- 0,25
Euro-Bobl-Futures	+/- 0,05
~~Euro-BTP-Futures~~	~~+/- 0,08~~
Euro-Bund-Futures	+/- 0,08
Euro-Buxl-Futures	+/- 0,30
Euro-Schatz-Futures	+/- 0,02
~~Short-term Euro-BTP-Futures~~	~~+/- 0,03~~
~~Mid-term Euro-BTP-Futures~~	~~+/- 0,05~~

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9 Admitted Products, Combinations and Combination Transactions Option-Share

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9.3 Block Trade Functionality

Eurex Clearing AG has admitted the products listed in the following to the Block Trade Facility. Such admission is independent from the respective transactions being entered into the Eurex Clearing System within the scope of an options strategy, an options volatility strategy or as a Combination Transaction Option-Share, consisting of OTC options transactions and OTC security transactions.

9.3.1 Admitted Products:

Product	Minimum number of tradable contracts
[…]	
Futures Contracts on a Notional Short-Term Bond of the Republic of Italy (Short term Euro-BTP Futures; FBTS)	~~250~~100
Futures Contracts on a Notional Mid-Term Bond of the Republic of Italy (Mid-term Euro-BTP Futures; FBTM)	~~250~~100
Futures Contracts on a Notional Long-Term Debt Security of the Republic of Italy (Euro BTP Futures; FBTP)	250
[…]	

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