X-pand into the Future

eurex circular 115/15

Date: 30 June 2015
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

⚠ **Action required** ⚠ **High priority**

Eurex/TAIFEX link:

1. **Adjustment of the quote obligations for Daily Futures on TAIEX options ("weekly options")**
2. **Revenue sharing scheme for Daily Futures on TAIEX derivatives**

Related Eurex Circulars: 191/14, 277/14

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Content may be most important for:	**Attachment:**
➲ All departments	Eurex Clearing Circular 069/15

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to adjust the quote obligations for Daily Futures on TAIEX options ("weekly options") with effect from **1 July 2015.**

To further incentivise trading in Daily Futures on TAIEX derivatives a new revenue sharing scheme will be offered from **1 July 2015 until 31 December 2015**.

Market participants who want to join as Designated Market Makers in Daily Futures on TAIEX futures are requested to fill in the application form attached to Eurex Clearing Circular 069/15.

Eurex/TAIFEX link:

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2. Revenue sharing scheme for Daily Futures on TAIEX derivatives

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1. Market-Making

Eurex Exchange offers interested Trading Participants to participate in Market-Making for Daily Futures on TAIEX derivatives.

As Designated Market Maker (DMM) in Daily Futures on TAIEX futures or Permanent Market Maker (PMM) in Daily Futures on TAIEX options, the Eurex Trading Participant agrees to provide bid and ask prices (quotes) during a pre-defined time period in a specified minimum number of contracts while observing maximum spreads.

In return, Eurex Exchange will grant its DMMs who fulfil the quote obligations reimbursement of 80 percent of transaction fees for all transactions executed by the DMM in the M-accounts in Daily Futures on TAIEX futures until and including 31 December 2015.

PMMs in Daily Futures on TAIEX options (standard options as well as weekly options) will receive an 80 percent reimbursement of transaction fees for all transactions executed by the PMM in the M-accounts in Daily Futures on TAIEX options until and including 31 December 2015. As of 1 January 2016, PMMs will receive 50 percent reimbursement of transaction fees for all transactions executed by the PMM in the M-accounts in Daily Futures on TAIEX options. All products are hereby considered separately.

Reimbursement will take place on a monthly basis, provided the Eurex Market-Making Obligations were fulfilled.

Please refer to attachment 1 of Eurex Clearing circular 069/15 for the application for Designated Market-Making in Daily Futures on TAIEX futures. Applying for Permanent Market-Making in Daily Futures on TAIEX options is not required.

1.1 Quote obligations: Designated Market-Making in Daily Futures on TAIEX futures

Product	Minimum quote size	Maximum spread	Minimum quote period	Contract months to be quoted
	Contracts on bid and ask side	In basis points		
Daily Futures on TAIEX futures	5	8	50 percent of trading hours between 09:00 bis 17:30 Uhr CET (monthly average)	First contract month (five trading days before expiration date, optionally the first and/or the second contract month)

The quote obligations for Designated Market-Making in Daily Futures on TAIEX futures will remain unchanged compared to the current DMM scheme.

During the Fast Market phase, the minimum quote size will be reduced by 50 percent and the maximum spread will be increased by 100 percent.

Eurex Exchange may adjust the quoting parameters on a monthly basis.

1.2 Quote obligations: Permanent Market-Making in Daily Futures on TAIEX options

Permanent Market-Making at Eurex Exchange consists of continuous quotation of a series of strike prices for a predefined number of expirations (maturity range). Continuous quotation must cover 70 percent of the trading hours between 09:00 CET and 17:30 CET per calendar month on each exchange trading day (on a monthly average). PMMs in Daily Futures in TAIEX options are obliged to quote calls and puts in seven strike prices (i.e. a total of 14 series) out of a window of 15 strike prices nearest to the current price of the TAIEX index within the maturity range. Quote obligations for Daily Futures on TAIEX options include the first two expiration months. Currently, no quote requests have to be answered.

Product	Minimum quote size	Maximum spread	
Daily Futures on TAIEX options	Contracts on bid and ask side	Bid prices up to	Spread
First expiration	20	0 – 28	2 index points
		>28 - 172	7 percent
		>172	12 index points
Second expiration (and Weekly Options)	20	0 – 40	4 index points
		> 40 – 200	10 percent
		> 200	20 index points

The spread requirements for Permanent Market-Making in Daily Futures on TAIEX options (weekly options) will be adapted according to the spread requirements of the second expiration in the PMM scheme which currently applies.

During the Fast Market phase, the minimum quote size is reduced by 50 percent and the maximum spread is increased by 100 percent.

Eurex Exchange may adjust the quote parameters on a monthly basis.

2. Revenue sharing scheme for DMMs and PMMs

Additionally to the already existing Market Maker rebates, DMMs and PMMs can participate in revenue sharing schemes running from 1 July 2015 until 31 December 2015 for Daily Futures on TAIEX derivatives.

The conditions of the revenue sharing schemes are as follows:

1. The share in revenue is 30 percent of the net revenues (transaction fees minus Market Maker rebates) generated in Daily Futures on TAIFEX futures and 50 percent of the net revenues (transaction fees minus Market Maker rebates) generated in Daily Futures on TAIFEX options (including weekly options), whereby each product is considered separately.
2. Distribution takes place on a monthly basis to the qualified Market Makers.
3. For the Daily Futures on TAIEX futures, half of the revenue share will be equally distributed amongst the qualifying Market Makers. The other half will be distributed according to the Market Maker's share in the traded volume generated by all qualified Market Makers, whereby only order book trades on M-accounts are used for determination of the traded volume.
4. For the Daily Futures on TAIEX options (including weekly options), 20 percent of the net revenues (transaction fees minus Market Maker rebates) per each individual product will be equally distributed amongst the qualifying Market Makers. 30 percent of the net revenues per each individual product will be distributed according to the Market Maker's share in the traded volume generated by all qualified Market Makers, whereby only order book trades on M-accounts are used for determination of the traded volume.
5. The maximum number of Market Makers who can qualify for the revenue sharing scheme is limited to five per product and month. If not more than five Market Makers fulfil the Market-Making obligations in a month and product, the whole revenue share will be distributed among them. If more than five Market Makers per product and month fulfil the requirements, the higher number of order book trades on M-accounts in the respective product is used to determine which Market Maker has qualified in order to receive the revenue sharing.

30 June 2015

clear to trade

eurex clearing *circular 069/15*

Date: 30 June 2015
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

Extension and adjustment of Market-Making schemes for EURIBOR futures and Daily Futures on TAIEX derivatives

Related Eurex Clearing circulars: 182/14, 031/15
Related Eurex circulars: 110/15, 115/15
Contact: Derivatives Clearing Supervision, T +49-69-211-1 12 50

Content may be most important for:	**Attachments:**
➲ All departments	1. Designated Market Maker Agreement for Daily Futures on TAIEX futures 2. Designated Market Maker Rebate Agreement for Futures on Three-Month EURIBOR

In conjunction with the extension and adjustment of the Market-Making scheme for EURIBOR futures and Daily Futures on TAIEX derivatives of Eurex Deutschland and Eurex Zürich AG, Eurex Clearing decided the following measures effective as of **1 July 2015**:

1. EURIBOR futures

- Fees will be waived from 1 July 2015 until 31 December 2015.
- Monthly stipends for a minimum volume of 5.000 traded contracts will be offered from 1 July 2015 until 31 December 2015 (upon fulfilment of the Market Maker obligations).
- Monthly incentives for open interest held in M-accounts will be offered from 1 July 2015 until 31 December 2015 (upon fulfilment of the Market Maker obligation).

2. Daily Futures on TAIEX futures and options

- Upon fulfilment of the Market Maker obligations, revenue sharing of 30 percent of the net revenues (transaction fees minus Market Maker rebates) generated in Daily Futures on TAIFEX futures and 50 percent of the net revenues (transaction fees minus Market Maker rebates) generated in Daily Futures on TAIFEX options (including weekly options) will be offered to Designated Market Makers and Permanent Market Makers from 1 July 2015 until 31 December 2015, whereby each product is considered separately.

Market participants interested in Designated Market-Making for the products listed above are requested to fill in the respective application forms (attachment 1 or 2) and return it to Joachim Heinz, fax +49-69-211-61 59 55, e-mail joachim.heinz@eurexchange.com or Ralf Huesmann, fax +49-69-211-61 54 43, e-mail ralf.huesmann@eurexchange.com.

For conditions and details of the Market Making schemes and incentives, please refer to Eurex circulars 110/15 and 115/15.

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Thomas Laux, Erik Tim Müller

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Sitz in Frankfurt/Main
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USt-IdNr. DE194821553
Amtsgericht
Frankfurt/Main

Please return by fax to:

Ralf Huesmann
Fax +49-69-211- 61 54 43

Designated Market Maker Agreement for Daily Futures on TAIEX futures

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") under the conditions outlined below and the Quote Obligations in paragraph 1 of this circular with respect to the following products:

Daily Futures on TAIEX futures

for the period from **1 July 2015 until 31 December 2015**.

2. The Participant will

   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 Market-Making Obligations for Futures on MSCI Indices can be amended from time to time.

   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 will

   a) Refund 80 percent of all transaction fees (order book and off-book-transactions on the Eurex Exchanges) for the contracts traded in Daily Futures on TAIEX futures by the Designated Market Makers on M-accounts in 2015. 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 a revenue sharing for Daily Futures on TAIEX futures as detailed in Eurex circular 115/15.

4. EFAG 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 four 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:

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

2. A significant change to the Eurex Market-Making Obligations.

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

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 indicated above.

Please return by fax to:

Joachim Heinz
Fax no. +49-69-211- 61 59 55

Designated Market Maker Rebate 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 Rebate Agreement (the "Agreement") 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	☐

for the period from **1 July 2015 until 31 December 2015.**

2. The Participant will

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 115/15 and can be amended from time to time.

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 will

   a) Refund 100 percent of all transaction fees (order book and off-book-transactions on the Eurex Exchanges) for the contracts traded by the Designated Market Makers on M-accounts in the respective products up to and including **31 December 2015**. 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 31 December 2015 for a minimum volume of 5.000 traded contracts for each market maker per calendar month and upon fulfillment of the obligations as stated in attachment 2.

   c) Offer a monthly incentive for Open Interest held in M-Accounts up to 31 December 2015 upon fulfillment of the obligations as stated in attachment 2.

4. EFAG 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 four 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:

   1. A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned products.
   2. A significant change to the Eurex Market Making Obligations.

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

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 indicated above.