X-pand into the Future

eurex circular 261/11

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Equity Options:
1. New Market-Making Scheme for Equity Options on Irish Stocks
2. Change of Market Maker Obligations for Equity Options on Inditex S.A. (IXD)

Related Eurex Clearing Circular: 071/11

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Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- Auditing/Security Coordination

Attachments:

none

Summary:

With effect from **November 1, 2011**, the Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided

1. to introduce a new Market-Making scheme combined with a 50 percent revenue sharing programme for Irish equity options
2. to change the Market Maker obligations for equity options on Inditex S.A. (IXD)

Equity Options:
1. New Market-Making Scheme for Equity Options on Irish Stocks

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to introduce a new Market-Making scheme combined with a 50 percent revenue sharing for Irish equity options with effect from November 1, 2011.

Market-Making scheme with 50 percent revenue sharing

Qualification period during the first five months (November 1, 2011 to March 31, 2012)

Market Makers fulfilling the obligations will be entitled to a trading fee refund for trades executed on the M account, according to the current Eurex Clearing price list. Market Makers fulfilling the obligations for at least two months out of the first five months, i.e. November 1, 2011 to March 31, 2012, will qualify for the revenue sharing programme.

Next two years (April 1, 2012 to March 31, 2014)

Market Makers who qualified for the revenue sharing programme (i.e. who fulfilled their obligations for at least two out of the first five months) will participate pro-rata in 50 percent of the overall net revenues (on-exchange trading and OTC block trades) in Irish options for the next two years (April 1, 2012 to March 31, 2014).There will be no restriction in the number of Market Makers allowed to take part in the programme.

The refund of 50 percent of the overall net revenues in Irish equity options will be shared amongst Market Makers who have qualified for the programme on a monthly basis, after the volume ranking (on-exchange trading and OTC block volumes on M accounts) has been updated to determine the pro-rata monthly share of each Market Maker.

Eurex spread classes for Market-Making in Irish equity options:

Spread Class 6		
EUR Bid up to	Expiration months ≤ 8	Expiration months > 8
0-1.00	**0.20**	**0.40**
1.01-5.00	**20%**	**40%**
> 5.00	**1.00**	**2.00**

Spread Class 7		
EUR Bid up to	Expiration months ≤ 8	Expiration months > 8
0-1.50	**0.30**	**0.60**
1.51-15.00	**20%**	**40%**
> 15.00	**3.00**	**6.00**

Market Maker Obligations are available on the Eurex website under the following path:

www.eurexchange.com > Trading & Products > Market Model > 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

Two Irish equity options, **CRG** (option on CRH Plc.) and **BIR** (option on Bank of Ireland) are available in the Eurex simulation environment.

If you have any questions or if you are interested in Market-Making in these products, please contact Christian Csomos, Eurex Product Development, at tel. +44-20-78 62-72 35.

2. Change of Market Maker Obligations for Equity Options on Inditex S.A. (IXD)

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to change the Market Maker obligations for equity options on Industria de Diseño Textil S.A. (product ID: IXD) with effect from November 1, 2011.

The new Market Maker obligations are listed below:

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		Number of expirations to be quoted for PMM/AMM; the first	AMM Package ID
			RMM	AMM/ PMM		
Options on						
EURO STOXX 50® Components						
INDUSTRIA DE DISEÑO TEXTIL S.A.	IXD	B	NA	10	6	ESX50 ES

Spread Class B		
EUR bid up to	expiration months ≤ 8	expiration months > 8
0-1.00	**0.20**	**0.25**
1.01-15.00	**20%**	**25%**
> 15.00	**3.00**	**3.75**

The new Market Maker obligations will also be available on the Eurex website as of the effective date under the following path:

www.eurexchange.com > Trading & Products > Market Model > 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

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