X-pand into the Future

# eurex circular 174/11

**Date:** July 1, 2011
**Recipients:** All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
**Authorized by:** Peter Reitz

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

## Utilisation of M-Position Accounts for regular Own Account Trading: Amendment of the Conditions for Trading at Eurex Deutschland and Eurex Zürich

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| **Content may be most important for:** | **Attachment:** |
|---|---|
| ➲ All departments | Updated sections of Conditions for Trading at Eurex Deutschland and Eurex Zürich |

**Summary:**

The Exchange Council of Eurex Deutschland and the Administrative Council of Eurex Zürich decided to amend the Conditions for Trading at Eurex Deutschland and Eurex Zürich, as shown in the attachment, effective **July 15, 2011** and to authorize the Management Board of Eurex Deutschland to execute and publish the modifications.

Based on the modifications, Members will be enabled to use M-Position Accounts also for regular own account trading independent of their quoting activities.

# Utilisation of M-Position Accounts for regular Own Account Trading: Amendment of the Conditions for Trading at Eurex Deutschland and Eurex Zürich

The Exchange Council of Eurex Deutschland and the Administrative Council of Eurex Zürich decided to amend the Conditions for Trading at Eurex Deutschland and Eurex Zürich, as shown in the attachment, effective **July 15, 2011**.

Based on the modifications, Members will be authorized to use M-Position Accounts also for regular own account trading. Accordingly, own account trades may be entered via an M-Position Account independent of a quotation in the respective product. For regular own account trading activities on the M-Position Accounts, however, Market-Making rebates cannot be granted. Instead, for individual products, Members may apply for application of fees determined for P-Position Accounts for their regular own account trading activities.

M-Position Accounts serve, above all, the purpose of Market-Making, as before. Accordingly, quote entry will only be possible on M-Position Accounts, only.

All regulations of Eurex Deutschland, Eurex Zürich and Eurex Clearing AG concerning utilisation of M-Position Accounts will still be valid, as before, also if Members use M-Position Accounts exclusively for regular own account trading activities. Accordingly, on the M-Accounts, functions such as „Give-up“ are not available and utilization of trade or position transfers can only be done in a limited way.

For P-Position Accounts, the existing regulations will be applied, as before.

July 1, 2011

# Fourth Amendment Ordinance
# to the Conditions for Trading at Eurex Deutschland and Eurex Zürich

On 30 June 2011, the Exchange Council of Eurex Deutschland decided on the following Amendment Ordinance for Eurex Deutschland:

***Article 1 Amendment to the Conditions for Trading at Eurex Deutschland and Eurex Zürich in the version dated 2 May 2011***

The Conditions for Trading at Eurex Deutschland and Eurex Zürich in the version as announced on 11 April 2011 will be amended as follows:

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**MODIFICATIONS IN THE FOLLOWING CHAPTER ARE MARKED AS FOLLOWS:**

**INSERTIONS ARE UNDERLINED**

**DELETIONS ARE CROSSED OUT**

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[…]

## 4. Part: Position Accounts of Exchange Participants

### 4.1 Types of Position Accounts

(1) Every transaction effected by Exchange Participants shall be recorded in the EDP system of the Eurex Exchanges in internal Principal Position Accounts and~~,~~ Agent ~~and M-p~~Position Accounts. Principal Position Accounts are subdivided into P-Position Accounts and M-Position Accounts.

(2) In connection with options transactions, a corresponding internal premium account shall be kept for each position account of each Exchange Participant; the premiums from all options transactions entered into on the Eurex Exchanges shall be recorded in the premium account for each position account. Premium accounts shall be settled daily. The Eurex Exchanges shall make available via the EDP system the balance of any premium account to the relevant Exchange Participant and the Clearing Member responsible for the clearing of such account.

## 4.2 Principal Position Accounts

Principal Position Accounts are subdivided into P-Position Accounts and M-Position Accounts.

### 4.2.1 P-Position Accounts

(1) ~~Only~~ Tt~~t~~ransactions carried out by an Exchange Participant for its own account shall be recorded exclusively in ~~the~~ P-~~rincipal~~ -Position Account~~s~~.

(2) Adjustments to opening and closing transactions for transactions recorded in a P-~~rincipal~~ Position Account, as well as closing position adjustments performed to close two opposing positions, may be made in accordance with the provisions of subsection 4.4~~5~~ paragraph 5.

(3) If a transaction is specified as a closing transaction, without there being sufficient open positions in the P-~~rincipal~~ Position Account, a new position will automatically be opened in the P-~~rincipal~~ Position Account equivalent to the number of contracts that could not be closed.

(4) Executed transactions may be divided into several transactions in the respective ~~Principal~~ P-Position Account (trade separation).

### 4.2.2 M-Position Accounts

(1) Transactions resulting from quotes entered into the EDP system of the Eurex Exchanges (subsection 3.2 paragraph 2), as well as other transactions carried out by an Exchange Participant for its own account, shall be recorded in the M-Position Accounts. Transactions resulting from quotes entered may be recorded in an M-position Account only.

(2) Adjustments to transactions (trade adjustments) that change the allocation of a transaction from an M-Position Account to an Agent or P-Position Account (trade transfer), as well as transfers of positions between position accounts (position transfer), are permitted only for purposes of correct recording of transactions in M-Position Accounts in accordance with subsection 4.4 paragraph 5.

## 4.3 Agent Position Accounts

(1) Only transactions carried out by an Exchange Participant on behalf of a customer shall be recorded in the Agent Position Account of such Exchange Participant.

(2) Adjustments to transactions (trade adjustments) made to re allocate transactions from Agent Position Accounts to Principal Position Accounts or vice versa (trade transfer), as well as the corresponding transfers of positions (position transfer), are permitted only for the purpose of ensuring that transactions are correctly recorded in the Agent Position Accounts in accordance with subsection 4.4~~5~~ paragraph 5.

(3) A short position of a customer must be recorded in the Agent Position Account separately from a long position of another customer in the same option series or in the same futures contract. Exchange Participants may not close one customer position with another

customer position. Adjustments to opening and closing transactions in an Agent Position Account are permitted only to the extent required for the proper maintenance of the account or pursuant to instructions of the customer in accordance with the provisions of subsection 4.4~~5~~ paragraph 5.

(4) Closing position adjustments in Agent Position Accounts shall only be permitted for the purpose of closing two opposing positions held by the same customer in accordance with the provisions of subsection 4.4~~5~~ paragraph 5.

(5) If a transaction is specified as a closing transaction, without there being sufficient open positions in the Agent Position Account, a new position will automatically be opened in the Agent Position Account equivalent to the number of contracts that could not be closed.

(6) Executed transactions may be divided into several transactions in the Agent Position Account (trade separation).

## ~~4.4 M-Position Accounts~~

~~(1) Transactions resulting from quotes entered in the EDP system of the Eurex Exchanges (subsection 3.2 paragraph 2) shall be recorded in the M-position Accounts. Transactions resulting from orders as principal may, if appropriately designated, be recorded in an M-position Account.~~

~~(2) Adjustments to transactions (trade adjustments) that change the allocation of a transaction from an M-position Account to an Agent or Principal Position Account (trade transfer), as well as transfers of positions between position accounts (position transfer), are permitted only for purposes of correct recording of transactions in M-position Accounts in accordance with subsection 4.5 paragraph 5.~~

## ~~4.5~~4.4 Account Management

(1) Positions in the Agent Position Accounts and in the P~~-rincipal-~~Position Accounts shall be gross positions, i.e., positions may be open on both the long and the short sides. Positions in M-position Accounts shall be net positions, i.e., each position may be either long or short.

(2) The Eurex Exchanges shall monitor the position accounts of each Exchange Participant. The Eurex Exchanges shall make available to each Exchange Participant and to the Clearing Member that clears its accounts the balance and transaction details for all position accounts.

(3) All open positions in option series shall automatically be cancelled in the position accounts of the Exchange Participants after the Post-Trading Period on the last trading day for the options contract concerned. All assigned short positions and all exercised long positions shall be cancelled in the position account of an Exchange Participant after the delivery or payment, as the case may be, in respect of such exercise or assignment, or after the cash settlement in connection with such positions, has been made.

(4) Positions in futures contracts shall be cancelled in the position accounts of the Exchange Participant after the delivery or payment, as the case may be, or the cash settlement in connection with such positions has been made.

(5) Adjustments to transactions (trade adjustments) may be entered during the Pre-Trading Period, the Pre-Opening Period, the Trading and Post-Trading Full Period of any Exchange day. They are permitted with respect to transactions executed on the respective Exchange day and both preceding Exchange days.

Closing position adjustments and position transfers between position accounts of the same Exchange participant may be entered during the Pre-Trading Period, the Pre-Opening Period, the Trading Period and the Post-Trading Full Period of any Exchange day.

(6) Position transfers between different Exchange Participants from or onto M-position accounts are not permitted.

Position transfers without cash transfer or position transfers with cash transfer between different Exchange Participants (member position transfer) may only be made by an Exchange Participant upon confirmation of the entry of the transfer as binding by all Exchange Participants and Clearing Members involved. Position transfers from or onto an Agent Position Account may only be made at the request of the customer concerned.

Provided that the functionality “Realtime Transfer” is selected when transferring positions, the transfer of all positions concerned shall take place in the Eurex system upon confirmation of the entry of the transfer as binding by all Exchange Participants and Clearing Members involved. Provided that the functionality “Classic Transfer” is selected when transferring positions, the transfer of the positions concerned shall take place in the Eurex system after the Post-Trading Full Period.

The functionality “position transfer with cash transfer” may only be selected if – by way of a reference which must be entered into the Eurex System – the amount to be transferred is clearly attributable to one or more trades entered on a position account of the Exchange Participant.

Generally, any payments or credit entries to be made in relation to the functionality “position transfer with cash transfer” shall be effected on the Exchange day following the Exchange day on which the functionality was used by Eurex Clearing AG. However, with regard to this particular functionality, the respective amount is transferred to the Exchange Participant entitled to receive payment no sooner than the Exchange Participant liable to pay such amount has actually made payment. In respect of such cash transfer, the Eurex Exchanges have no performance obligation vis-à-vis the Exchange Participant entitled to receive payment.

(7) Transfers of transactions from the Agent Position Account of an Exchange Participant to Agent Position Accounts and P~~rincipal~~ Position Accounts of another Exchange Participant (“Give-Up Trades”) may be made upon the instructions of the customer always on the day of the respective trade and both following Exchange days, provided that the futures contract is still available for trading, to the extent that:

- an Exchange Participant (“Executing Broker”) has executed a customer order, and
- this order has been matched with another order or quote through the EDPsystem of the Eurex Exchanges in accordance with sub-sections 2.2 et seq., and
- the matched transaction is an opening trade, and
- the order or matched transaction was indicated as a Give Up Trade upon its input or matching, respectively, and
- the transfer of the transaction was notified to the other Exchange Participant (“Clearing Broker”), and
- this Exchange Participant (Clearing Broker) has confirmed its acceptance of the transaction, and
- the Clearing Members concerned of both Exchange Participants have agreed to the transaction transfer, resulting in the transfer of the transaction to the Agent Position Account or P~~rincipal~~ Position Account of the Clearing Broker.

The Management Board may set forth separate provisions for several futures contracts, such provisions ruling the temporal availability of the functionality.

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### *Article 2 Effective Date*

Article 1 shall become effective on 15 July 2011.