# Eurex Circular 034/18

## 1. Regulatory Market-Making: Adjustment of spread parameters in selected benchmark futures
## 2. Non-monetary Liquidity Provider schemes: Adjustment of spread parameters in selected benchmark futures

The Management Board of Eurex Deutschland and the Executive Board of Eurex Frankfurt AG have decided the following, effective **22 June 2018:**

1. Adjustment of spread parameters in selected Fixed Income Futures and adjustment of calculation methodology for Regulatory Market-Making according to Attachment 1;
2. Adjustment of spread parameters in in selected Equity Index Futures for non-monetary Liquidity Provider schemes according to Attachment 2.

The adjustments are implemented in order to harmonize the spread requirements with the current market width in the affected products.

**Attachments:**

1. Eurex Quotation Parameters for Regulatory Market-Making (tracked changes)
2. Liquidity Provider Schemes without monetary incentives (tracked changes)

**Date:** 23 May 2018

**Recipients:**
All Trading Participants of Eurex Deutschland and Vendors

**Authorized by:**
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**Target groups:**
All departments

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# Eurex Quotation Parameters for Regulatory Market-Making

Version 1.1~~0~~, valid as of 22 June ~~3 January~~ 2018

## Procedure

The maximum bid-ask range according to Articles 1 and 2 of Commission Delegated Regulation (EU) 2017/578 is determined by the Management Board of Eurex Deutschland ~~and the Executive Board of Eurex Zürich AG~~ (see section 53 of Eurex Exchange Rules and sections 1.1.d. and 1.2 of Eurex Circular 102/17). These are set as follows:

- For products where schemes (Product Specific Supplements) already exist, the maximum spread requirement of the Basis Building Block is used. If there are several Basis Building Blocks per product, the ~~highest~~ smallest maximum spread value is used.
- For products where schemes do not exist, the maximum spread requirements are set as outlined below.

The size requirement as well as other requirements apply as outlined in Articles 1 and 2 of Commission Delegated Regulation (EU) 2017/578.

Attachment 1 to Eurex circular 034/18

## Maximum Spread Parameters

| Product Type / Product | Name | Legal Product Group | Spread Class* | Spread Absolute** | Spread Percent** | Spread Ticks** |
|---|---|---|---|---|---|---|
| FBND | | | | | | |
| CONF | FUT 8-13 Y. SWISS GOV.BONDS 6% | FIXED INCOME FUTURES | | | | 15 |
| FBTM | MID TERM EURO BTP FUTURES | FIXED INCOME FUTURES | | | | 25 |
| FBTP | EURO BTP FUTURES | FIXED INCOME FUTURES | | | | ~~3~~1 |
| FBTS | SHORT TERM EURO-BTP FUTURES | FIXED INCOME FUTURES | | | | ~~3~~1 |
| FGBL | FUT 8 1/2-10 1/2 Y.GOV.BOND 6% | FIXED INCOME FUTURES | | | | ~~3~~1 |
| FGBM | FUT 4 1/2-5 1/2Y.GOV.BONDS 6% | FIXED INCOME FUTURES | | | | ~~3~~1 |
| FGBS | FUT 1 3/4-2 1/4 Y.GOV.BONDS 6% | FIXED INCOME FUTURES | | | | ~~3~~1 |
| FGBX | FUT ON 24-35 Y.GOV.BOND 4% | FIXED INCOME FUTURES | | | | ~~3~~1 |
| FOAM | EUR MID TERM OAT FUT. 4,5-5,5Y | FIXED INCOME FUTURES | | | | 25 |
| FOAT | EURO OAT FUTURE 8,5- 10,5 YEAR | FIXED INCOME FUTURES | | | | ~~3~~1 |
| FSWL | 10Y EURO-SWAP FUTURE | INTEREST RATE SWAPS FUTURES | | | | 25 |
| FSWM | 5Y EURO-SWAP FUTURE | INTEREST RATE SWAPS FUTURES | | | | 25 |
| FSWS | 2Y EURO-SWAP FUTURE | INTEREST RATE SWAPS FUTURES | | | | 25 |
| FSWX | 30Y EURO-SWAP FUTURE | INTEREST RATE SWAPS FUTURES | | | | 25 |
| | Other FBND - LDX IRS Constant maturity futures | | | 60 | | |
| | All other FBND | | | | | 3 |

Attachment 1 to Eurex circular 034/18

| | | | | | |
|---|---|---|---|---|---|
| FINT | | | | | |
| FEU3 | THREE-MONTH-EURIBOR FUT. (ACI) | MONEY MARKET FUTURES | | | 12 |
| | All other FINT | | | | 6 |
| FINX | | | | | |
| | Other FINX - Commodity Index Futures | COMMODITY INDEX FUTURES | | 2% | |
| | Other FINX - Index Dividend Futures | INDEX DIVIDEND FUTURES | | 3% | |
| | Other FINX - Property Index Futures | PROPERTY INDEX FUTURES | | | 80 |
| | All other FINX | | | 3% | |
| OCUR | | | | | |
| OCAY | OPT ON AUD/JPY | CURRENCY OPTIONS | RMM-3 | | |
| OCEY | OPT ON EUR/JPY | CURRENCY OPTIONS | RMM-3 | | |
| OCUY | OPT ON USDJPY | CURRENCY OPTIONS | RMM-3 | | |
| | All other OCUR | | RMM-2 | | |
| OFIT | | | | | |
| | All other OFIT | | | | 12 |
| OFIX | | | | | |
| | All other OFIX | | RMM-1 | | |
| OSTK | | | | | |
| OCRU | OPT ON ETFS WTI CRUDE OIL | OPTIONS ON EXCHANGE-TRADED COMMODITIES SECURITIES | RMM-4 | | |
| OPHA | OPT ON ETFS PHYS GOLD | OPTIONS ON EXCHANGE-TRADED COMMODITIES SECURITIES | RMM-4 | | |

* Spread Classes are defined below

** Valid for all strikes/expiries

## Spread Classes for Regulatory Market-Making

| Spread Class | Bid up to | Maximum spreads for Maturity Range | Unit |
|---|---|---|---|
| RMM-1 | 0 – 3.99 | 0.80 | Tick |
| | 4.00 – 19.99 | 20% | PCT |
| | > 20.00 | 4.00 | Tick |
| RMM-2 | 0 – 0.00995 | 0.002 | Tick |
| | 0.01 – 0.15 | 20% | PCT |
| | > 0.15 | 0.03 | Tick |
| RMM-3 | 0 – 0.045 | 0.01 | Tick |
| | 0.05 – 0.745 | 20% | PCT |
| | > 0.75 | 0.15 | Tick |
| RMM-4 | 0 – 1.50 | 0,25 | Tick |
| | 1.51 – 15.00 | 15% | PCT |
| | > 15.00 | 2,25 | Tick |

## Related sources

- Commission Delegated Regulation (EU) 2017/578
- Eurex Exchange Rules, Sections 52 and 53
- Eurex Circular 102/17
- Eurex Market-Making Website: www.eurexchange.com > Trading > Market Making and Liquidity Provisioning

Attachment 2 to Eurex circular 034/18

# Liquidity Provider Schemes without monetary incentives

*Valid from 22 June ~~as of 7 May~~ 2018*

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## Preamble

This Product Specific Supplement for Liquidity Provider Schemes without monetary incentives (hereinafter referred to as "Product Specific Supplement") forms an integral part of the LPA. For the avoidance of doubt, Sec. 1 of the LPA applies.

As of 1 January 2018 several Liquidity Provider Schemes without monetary incentives will be offered until further notice.

## 1. Applicable Building Blocks

Pursuant to Sec. 2.3 of the General Supplement to the LPA, the granting of rebates and the concrete rebate levels to be applied on the respective transaction fees are dependent on the fulfilment of Building Blocks. For this Product Specific Supplement, the following Building Blocks are applicable:

| Scheme | Product Scope | Basis BBB | Package PBB | Strategy CBB | Larger Size LBB | Tighter Spread TBB | Stress Presence SBB | Revenue Sharing |
|---|---|---|---|---|---|---|---|---|
| Index Futures | Equity Index Futures with MMO-flag and without monetary Liquidity Provider Scheme | ✓ | | | | | ✓ | |
| ETF Options | ETF Options with MMO-flag and without monetary Liquidity Provider Scheme | ✓ | | | | | ✓ | |
| ETF Futures | ETF Futures with MMO-flag and without monetary Liquidity Provider Scheme | ✓ | | | | | ✓ | |
| Variance Futures EVAR | EVAR: EURO STOXX 50® Variance Futures | ✓ | | | | | | |

The requirements for Strategy Block, Larger Size Block, Tighter Spread Block and Stress Presence Block are product group specific and can be found in section 2.3.3 to 2.3.6 of the General Supplement to the LPA.

## 2. Liquidity Provider Rebates

Upon fulfilment of the Building Block requirements of one product, Liquidity Providers shall receive a fee rebate as specified in section 3 of the General Supplement to the LPA in accordance with the table below. The evaluation takes place on a monthly basis.

| Execution type | Building Block | Upon fulfilment of requirements |
|---|---|---|
| **Order book** | **Basis** | **0%** |
| | **Package** | **-** |
| | **Strategy** | **-** |
| | **Larger Size** | **-** |
| | **Tighter Spread** | **-** |
| | **Stress Presence** | **0%** |
| | **Total** | **0%** |
| **Off-book*** | **Basis** | **0%** |
| | **Package** | **-** |
| | **Strategy** | **-** |
| | **Total** | **0%** |

***** Only off-book block and multilateral transactions are eligible for off-book rebates for Liquidity Provisioning

## 3. Building Block Requirements

### 3.1. Basis Block Requirements

In order to receive the Liquidity Provider Rebates pursuant to Sec. 2 above, the following quotation requirements shall apply to each product individually:

| | Index Futures | ETF Options | ETF Futures | Variance Futures EVAR |
|---|---|---|---|---|
| **Quotation Period:** | See quotation parameters table below (cp. Sec. 5.2) | 09:00 – 17:30 | | |
| **Required Coverage:** | 70% | | | 80% |
| **Maturity Range:** | The front month needs to be quoted. Five exchange days prior to expiration, Liquidity Providers may choose to quote either the front month or the second expiration month | The first six expirations need to be quoted | The front month needs to be quoted | The first eight expirations need to be quoted. Five exchange days prior to expiration the front month does not have to be quoted. |
| **Strike Price Window:** | n.a. | 5 out of 7 | n.a. | n.a. |
| **Response to Quote Requests:** | n.a. | Quote requests do not have to be answered | n.a. | n.a. |
| **Minimum Quote Size:** | See quotation parameters table below (cp. Sec. 4.2) | 100 contracts on the bid and ask side | 5 contracts on the bid and ask side | The following amounts of notional Vega on the bid and ask side:<br>Exp 1: 5,000<br>Exp 2-3: 10,000<br>Exp 4-5: 25,000<br>Exp 6-8: 50,000 |
| **Maximum Spread:** | See quotation parameters table below (cp. Sec. 4.2) | Spread Class “ETF O” (cp. Sec. 4.1) | Spread Class “ETF F” (cp. Sec. 4.1) | Spread Class “EVAR” (cp. Sec. 4.1) |

## 4. Quotation Requirements

### 4.1. Available Spread Classes

| Spread Class | Bid up to | Maximum Spread | Unit |
|---|---|---|---|
| ETF O | 1.0 | 0.15 | Index Points |
| | 5.0 | 15% | Percent |
| | | 0.75 | Index Points |

| Spread Class | Bid up to | Maximum Spread | Unit |
|---|---|---|---|
| ETF F | 50 | 0.2 | Index Points |
| | | 0.40% | Percent |

| Spread Class | Maximum Spread | | | Unit |
|---|---|---|---|---|
| | Exp. 1 | Exp. 2-3 | Exp. 4-8 | |
| EVAR | 3 | 2 | 1.5 | Volatility Points |

### 4.2. Quotation Parameters

The following quotation parameters apply for the quotation requirements pursuant to Sec. 3 above

| Product | Product ID | Basis Maximum Spread (percent or index points) | Basis Minimum Quote Size (contracts) | Expirations to be quoted, the first | Quotation Period |
|---|---|---|---|---|---|
| FUTURES ON MDAX | F2MX | ~~0.50%~~1 | 5 | 1 | 9:00-17:30 |
| FUTURES ON DAX INDEX | FDAX | ~~4~~0.5 | 2 | 1 | 9:00-17:30 |
| FUTURES ON DIVDAX | FDIV | ~~0.50%~~0.05 | 5 | 1 | 9:00-17:30 |
| FUTURES ON EURO STOXX SEL.DIV 30 | FEDV | ~~7~~0.5 | 25 | 1 | 9:00-17:30 |
| FUTURES ON EURO STOXX BANKS | FESB | ~~0.50%~~0.1 | 25 | 1 | 9:00-17:30 |
| FUTURES ON EURO STOXX 50 | FESX | ~~2~~1 | 10 | 1 | 9:00-17:30 |
| FUTURES ON EURO STOXX 50 EX FIN | FEXF | ~~7~~0.5 | 25 | 1 | 9:00-17:30 |
| FUTURES ON OMX HELSINKI 25 INDEX | FFOX | 0.50% | 5 | 1 | 9:00-17:30 |
| FUTURES ON STOXX GLOB. SEL DIV 100 | FGDV | 0.50% | 5 | 1 | 9:00-17:30 |
| ~~FUTURES ON SENSEX INDEX~~ | ~~FSEN~~ | ~~0.50%~~ | ~~5~~ | ~~1~~ | ~~9:00-17:30~~ |
| FUTURES ON SLI | FSLI | ~~10~~0.1 | 10 | 1 | 9:00-17:20 |
| FUTURES ON SWISS MARKET INDEX | FSMI | ~~0.25%~~1 | 5 | 1 | 9:00-17:20 |
| FUTURES ON SMIM | FSMM | ~~0.50%~~1 | 5 | 1 | 9:00-17:20 |
| FUTURES ON STOXX EUROPE 50 | FSTX | ~~7~~1 | 25 | 1 | 9:00-17:30 |
| FUTURES ON TA35 INDEX | FT25 | 0.50% | 5 | 1 | 9:00-16:35 |
| FUTURES ON TECDAX | FTDX | ~~0.50%~~0.5 | 5 | 1 | 9:00-17:30 |
| ALL OTHR INDEX FUTURES | | 0.50% | 5 | 1 | 9:00-17:30 |