X-pand into the Future

eurex circular 245/10

Date: December 20, 2010

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

Authorized by: Peter Reitz

Dow Jones UBS Commodity Index℠ Futures: Adjustments

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Content may be most important for:

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

Attachments:

Eurex Clearing AG

1. Updated sections of the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation)

Also:

2. Designated Market Maker Scheme for Dow Jones-UBS Commodity Index℠ Futures
3. Application Form - Designated Market Maker Scheme

Summary:

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to implement the following adjustments with regard to the Dow Jones UBS Commodity Index℠ Futures effective **January 1, 2011**:

1) Extension of the Designated Market Maker- and Revenue Sharing program until December 31, 2012

2) Adjustment of Minimum Block Trade sizes from 100 to 50 contracts

3) Trading of the products on U.S.-American public holidays

Dow Jones-UBS Commodity Index℠ Futures: Adjustments

Eurex Clearing AG

To implement the decisions, the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation) (attachment 1) will be adjusted at the same date.

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to implement the following adjustments with regard to the Dow Jones UBS Commodity Index℠ Futures effective January 1, 2011:

1. **Extension of the Designated Market Maker (DMM) including Revenue Sharing for the Dow Jones-UBS Commodity Index℠ Futures**

   The DMM program including revenue sharing which will end in a regular way on December 31, 2010, will be extended unchanged by another two years until December 31, 2012.

   Eurex offers interested Members to become Designated Market Makers for the Dow Jones UBS Commodity Index℠ Futures. Designated Market Makers will agree to providing quotes on the bid and ask side, subject to maximum spreads, for a specified minimum number of contracts. In addition, Designated Market Makers will take over other obligations as to the efficient operation of the market by providing price information and be available for additional price verification at times as requested by Eurex.

   In return, Eurex will grant its Designated Market Makers reimbursement of 30 percent of transaction fees between January 1, 2011 and December 31, 2012. Revenue sharing will be evaluated on product basis and paid monthly, whereby the share of order book trading of the fulfilling Market Maker will decide on the amount of revenue sharing that will be granted. For more information on the scheme, please refer to attachment 2. To register as a Designated Market Maker, please apply using the attached form (attachment 3).

2. **Adjustment of Minimum Block Trade Size from 100 to 50 Contracts**

   The minimum Block Trade size for all Dow Jones-UBS Commodity Index℠ Futures will be adjusted from 100 to 50 contracts, in order to particularly simplify trades based on the index closing price.

3. **Trading of Products also on U.S.-American public Holidays**

   Effective January 1, 2011, the Dow Jones-UBS Commodity Index℠ Futures can also be traded on U.S.-American public holidays, provided such holidays are no holidays in the Eurex® trading system at the same time. Holidays on which, up to now, no trading took place are:

Martin Luther King's Birthday	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November

December 20, 2010

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MODIFICATIONS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[…]

9 Admitted Products, Combinations and Combination Transactions Option-Share

[…]

9.3 Eurex Clearing AG has admitted the products listed in the following to the Block Trade Facility even if they had been entered within the scope of options strategies, options volatility strategies or a Combination Transactions 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 Commodity Indices	~~100~~50
[…]	

[….]

9.5 The Eurex Clearing AG has admitted the following products to the Flexible-Options-and the Flexible Futures Trade-Functionality:

II. Flexible Eurex Futures Contracts	Minimum number of contracts to be traded
[…]	
Futures Contracts on Commodity Indices	~~100~~50
[…]	

[….]

Designated Market-Making Scheme for Dow Jones-UBS Commodity Index^{SM} Futures

Quote Obligations

Eurex Code:	**FCCO** (DJ-UBS Commodity Index^{SM} Futures) **FCAG** (DJ-UBS Agriculture Sub-Index^{SM} Futures) **FCEN** (DJ-UBS Energy Sub-Index^{SM} Futures) **FCIN** (DJ-UBS Industrial Metals Sub-Index^{SM} Futures) **FCGR** (DJ-UBS Grains Sub-Index^{SM} Futures) **FCPE** (DJ-UBS Petroleum Sub-Index^{SM} Futures) **FCPR** (DJ-UBS Precious Metals Sub-Index^{SM} Futures) **FCSO** (DJ-UBS Softs Sub-Index^{SM} Futures) **FCLI** (DJ-UBS Livestock Sub-Index^{SM} Futures) **FCXE** (DJ-UBS Ex-Energy Sub-Index^{SM} Futures)
Minimum Size:	20 contracts on the bid and ask side, only in the series with the nearest expiration (Front Month) until the Final Settlement Price has been fixed. In the fast market phase the minimum quote size is decreased by 50 percent.
Maximum Spread:	2 percent The spread classification will be reviewed on a monthly basis. In the fast market phase the maximum spread is increased by 100 percent.
Quotation Period:	85 percent of the trading period from 9:00 to 18:00 (CET) on a monthly average.
Roll Facilitation:	In addition, Designated Market Makers have to facilitate the roll of the current futures contracts into the upcoming front month series by quotation of the second contract 10 days prior to the roll.
Revenue Sharing:	January 1, 2011 up to the December 31, 2012: 30 percent of all trading and clearing fees will be refunded to Designated Market Makers on a monthly basis. Up to five Market Makers per product can participate. If more are fulfilling the appropriate requirements, only the five Market Makers with the highest number of contracts traded on the order book are considered for the revenue sharing. The split between Market Makers will also be done according to the market share of each one in the order book.

Application Form - Designated Market-Making Scheme

To Eurex
Product Development
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Application for the Status of Designated Market Maker in Dow Jones UBS-Commodity Index[SM] Futures

1. We _____
(name of member)

hereby apply for the status of Designated Market Maker in the following products (please tick the boxes):

- ☐ **Futures on Dow Jones-UBS Commodity Index[SM]**
- ☐ **Futures on Dow Jones-UBS Agriculture Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Energy Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Industrial Metals Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Grains Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Softs Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Precious Metals Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Petroleum Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Ex-Energy Sub-Index[SM]**
- ☐ **Futures on Dow Jones-UBS Livestock Sub-Index[SM]**

for the period from January 1, 2011 until December 31, 2012 in accordance with the terms and conditions stated in the Quote Obligations (Attachment 2).

2. As a Designated Market Maker

a) we will provide bid and ask quotes on both sides of the market

- of the minimum number of contracts specified in the quote obligations
- in compliance with the Maximum Spreads (see Quote Obligations); and

- for the period of time specified in the Quote Obligations (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract and in response to quote requests).

b) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this agreement;

c) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market-Making;

d) we will support Eurex by organizing the market for these products by providing additional price information and value analysis if required by Eurex; and

e) we will inform Eurex within one business day in the event that we find ourselves no longer in a position to fulfill these obligations.

3. Eurex will in return

a) mention the name of the Eurex Member with the Designated Market Maker status in advertising and informative material in connection with the contracts;

b) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding the Index Futures; and

c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on M accounts up to December 31, 2012. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made for contracts traded on A or P accounts or if the Quote Obligations are not fulfilled.

d) distribute 30 percent of all trading and clearing fees on a monthly basis between January 1, 2011 and December 31, 2012 to the maximum five Designated Market Makers with the highest number of traded contracts in the order book according to their market share in the order book.

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex.

In the event that the obligations stated under No. 2 are not met by us, Eurex shall have the right to terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract or due to a revision of the law or rules with respect to the contract, we as well as Eurex have the right to terminate this agreement with immediate effect or to renegotiate the requirements indicated in paragraph 2 and/or in the associated Quote Obligations.

6. Eurex shall have the right to amend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers can also be promptly advised that this situation has ceased to exist.

7. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which expires on December 31, 2012. After that time, the title “Designated Market Maker” can no longer be used unless otherwise agreed with Eurex.

8. The associated Quote Obligations (Attachment 2) are an integral part of this application.

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 application for the status of Designated Market Maker to the indicated fax number.