X-pand into the Future

eurex circular 187/10

Date: Frankfurt, September 27, 2010
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

Volatility Futures:
A. Introduction of Additional Expirations for Mini Future on VSTOXX®,
B. Adjustment of Designated Market-Making Scheme

Related Eurex Circulars: 090/09, 043/10, 116/10

Contact: Rex Jones, Eurex Product Development, tel. + 49-69-211-1 78 06,
e-mail: rex.jones@eurexchange.com

Content may be most important for:

➲ All departments

Attachments:

1. Updated sections of Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Application Form - Designated Market-Making Scheme for Mini Future on VSTOXX®

Summary:

As of **October 1, 2010**, Eurex will enhance the existing VSTOXX® Mini-Futures Contracts (FVS) with the extension of available expirations from seven to eight as well as an adjustment of the Designated Market-Making Scheme.

Volatility Futures:
A. Introduction of Additional Expirations for Mini Future on VSTOXX®,
B. Adjustment of Designated Market-Making Scheme

A. Introduction of Additional Expirations for Mini-Future on VSTOXX®

Eurex will extend the number of expirations for VSTOXX® Mini-Futures contracts from currently seven to eight: the current scheme, which consists of seven consecutive monthly expirations will be replaced by a new scheme with eight consecutive monthly expirations. Thus, the new expiration pattern includes the expirations of the old one.

B. Adjustment of Designated Market-Making Scheme

Eurex will replace the existing Designated Market-Making Scheme by a new one.

As Designated Market Makers, Eurex Members agree to supply continuous bid and ask prices (quotes) for a determined minimum number of contracts in compliance with maximum spreads. Also, amongst other things, Designated Market Makers agree to take over further obligations with regard to efficient operation of the market by providing additional price information. If required by Eurex, they agree to supply additional price and value analysis.

In return, Designated Market Makers will be reimbursed all transaction fees for time period from October 1, 2010 until December 31, 2011 for trades concluded on the M-accounts if they fulfil all quote obligations.

Market participants, who wish to register as Designated Market Makers are requested to use the form in attachment 2.

Frankfurt, September 27, 2010

****

CHANGES ARE MARKED AS FOLLOWS:

AMENDMENTS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

****

[...]

1 Part: Contract Specifications for Futures Contracts

[...]

1.5 Subpart: Contract Specifications for Volatility Futures Contracts

The following sub-part contains contract specifications for Futures Contracts on Volatility Indices ("Volatility Index Futures Contracts").

[...]

1.5.3 Maturity

Volatility Index Futures Contracts are available at the Eurex Exchanges until the final settlement day (number 1.5.4 paragraph 2) of the next ~~seven~~ eight calendar months.

[...]

Application Form - Designated Market-Making Scheme

To
Eurex
Product Development
Rex Jones
Neue Börsenstraße 1
60487 Frankfurt
Germany

Fax no.: +49-69-211-1 44 61

Application for the Status of Designated Market Maker in Volatility Futures

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in the following contract

Product	**Eurex Code**	**Please tick (✓) if applicable**
Mini Future on VSTOXX®	FVS	☐ yes

for the period from October 1, 2010 until December 31, 2011 in accordance with the terms and conditions stated in the Quote Obligations.

2. Quote Obligations

Minimum Contract Size: 500 contracts

Maximum Spread: 5% of bid price,

Required Coverage: 80 percent of the total trading period on a monthly average

Expiry Range: all eight expirations

3. As Designated Market Maker

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

- for 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 designate 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; and

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

4. Eurex will in return

a) publish the name of the Eurex member with Designated Market Maker status in advertising and information material in connection with the contracts;

b) make Eurex speakers and printed material available for index futures-related seminars organized by Designated Market Makers

c) refund all trading and clearing fees for contracts traded by Designated Market Makers on M-accounts up to December 31, 2011. Refunds for the respective month will be calculated at the beginning of the subsequent month. No refund will be made if the respective futures are traded on A- or P-accounts or if Quote Obligations are not fulfilled.

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 be 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 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 are not expected to have an adverse effect on market quality). In the event that Eurex amends 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, 2011. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)

_____
Place, date

_____	_____
Name	Position
_____	_____
Phone	Fax
_____	_____
(Signature / Stamp of the firm)	E-mail address

Please fax the completed application for the status of Designated Market Maker to above-mentioned fax number.