X-pand into the Future

eurex circular 062/17

Date: 21 June 2017
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

⚠ **High priority**

Single Stock Dividend Futures: Introduction of five Single Stock Dividend Futures on dividends of Nordic stocks

Related Eurex Clearing Circular: 057/17

Contact: Schuphenie Chan, Product Development, T +44-207-86-2 72 42, schuphenie.chan@eurexchange.com

Content may be most important for:

➲ All departments

Attachments:

1. Updated sections of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Designated Market Making scheme (excerpt)
3. Designated Market Maker Agreement
4. Eurex Clearing circular 057/17

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided with effect from **3 July 2017:**

1. Introduction of five new Single Stock Dividend Futures on dividends of Nordic stocks
2. Incorporation of new Single Stock Dividend Futures into the Designated Market-Making scheme for Single Stock Dividend Futures on dividends of non-constituents of the EURO STOXX50® index (non-EURO STOXX 50® package).

This circular provides information on the introduction of the new products and the updated sections of the relevant rules and regulations of Eurex Deutschland and Eurex Zürich AG.

Single Stock Dividend Futures: Introduction of five Single Stock Dividend Futures on dividends of Nordic stocks

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided with effect from 3 July 2017:

1. Introduction of five new Single Stock Dividend Futures on dividends of Nordic stocks
2. Incorporation of new Single Stock Dividend Futures into the Designated Market-Making scheme for Single Stock Dividend Futures on dividends of non-constituents of the EURO STOXX50® index.

1. Product overview

Single Stock Dividend Future on	Single Stock Dividend Future			Technical underlying of Single Stock Dividend Future	
	Eurex product code	Eurex product ISIN	Eurex product currency	Underlying product code	Underlying ISIN
Elisa Oyj	E2IA	DE000A2GF630	EUR	E2ID	XC000A2GF6Y5
Fortum Oyj	F2OT	DE000A2GF622	EUR	F2OD	XC000A2GF6X7
Metso Oyj	V2LM	DE000A2GF648	EUR	V2LD	XC000A2GF6Z2
Nordea Bank AB	N2DB	DE000A2GF606	EUR	N2DD	XC000A2GF6V1
Sampo plc	S2MP	DE000A2GF614	EUR	S2MD	XC000A2GF6W9

Eurex product code	Contract size	Minimum price change	Minimum size for Block Trades	Eurex product group	Eurex group ID	Product type
E2IA	1000	0.001	1	XHEL	FI21	FSTK
F2OT	1000	0.001	1	XHEL	FI21	FSTK
V2LM	1000	0.001	1	XHEL	FI21	FSTK
N2DB	1000	0.001	1	XSSE	FI21	FSTK
S2MP	1000	0.001	1	XHEL	FI21	FSTK

2. Contract specifications

Generally, contract specifications for the new Single Stock Dividend Futures are in line with the existing ones with the relevant Eurex group IDs, also in terms of trading hours and trading calendar, last trading day, settlement and determination of the daily and final settlement prices.

Updated Annex D of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be published on the Eurex website www.eurexchange.com as of start of trading under the following link:

Resources > Rules and Regulations > Contract specifications

3. Mistrade parameters

Mistrade ranges for the five new Single Stock Dividend Futures are determined according to Eurex circular 184/13 and following the quote spreads valid for Designated Market Makers. Unlike the Maximum Spreads which are part of the Market Maker obligations, the mistrade ranges refer to the current reference price of the

Single Stock Dividend Future. Depending on the contract month and assignment of the individual Single Stock Dividend Future to the corresponding spread class under a particular Market-Making scheme, the mistrade ranges may vary between 15 and 55 percent of the reference price.

Classification of mistrade ranges for Single Stock Dividend Futures:

Class	Mistrade range in percent of the reference price		
	contract periods (contract month)		
	1	2	>= 3
1	15	15	25
2	20	20	30
3	25	25	35
4	30	30	40
5	40	40	50
6	20	25	35
7	40	45	55

The mistrade ranges for the five new Single Stock Dividend Futures are as follows:

Eurex product code	Eurex product name	Mistrade ranges in percent of the reference price			Class
		1st maturity	2nd maturity	>= 3rd maturity	
E2IA	Elisa Oyj	20%	20%	30%	2
F2OT	Fortum Oyj	40%	40%	50%	5
V2LM	Metso Oyj	15%	15%	25%	1
N2DB	Nordea Bank AB	15%	15%	25%	1
S2MP	Sampo plc	40%	40%	50%	5

The mistrade ranges on product level for all Single Stock Dividend Futures are also available on the Eurex website www.eurexchange.com under the link:

Products > Dividend Derivatives > Single Stock Dividend Futures > Product name > Parameters > Mistrade Ranges

4. Market-Making

As of 3 July 2017, the new Single Stock Dividend Futures (SSDFs) will be part of the existing Designated Market-Making (DMM) package for SSDFs on non-components of the EURO STOXX 50® index.

Please refer to attachment 2 for detailed information about the adjustments to the DMM obligations.

5. Data vendor codes

At start of trading, vendor codes for the new instruments will be published on the Eurex website under the link:

Products > Vendor Product Codes

6. Transaction limits, minimum size for cross- and pre-arranged trades

The same values apply as for the already existing Single Stock Dividend Futures.

7. Further information

In the following, please find information on the new products, which is likewise contained in Eurex Clearing circular 057/17. The circular by Eurex Clearing AG is enclosed in this circular as attachment 4.

7.1 Transaction fees

Transaction fees are determined according to the relevant Eurex group ID (see section 1.):

Single Stock Dividend Futures with group ID according to Annex D of the Eurex Contract Specifications	Dividend	Currency	Regular transactions	Block Trades
DE21, BE21, ES21, FR21, FI21, GB23, IE21, NL21, IT21	>= 1.00	EUR	1.20	1.80
	0.75 – 0.99	EUR	1.00	1.50
	0.50 – 0.74	EUR	0.80	1.20
	0.25 – 0.49	EUR	0.60	0.90
	< 0.25	EUR	0.20	0.30

Further information can be retrieved from the Price List of Eurex Clearing AG available for download on the Eurex website under the link:

Resources > Rules and regulations > Price list

7.2 Eurex Trade Entry Services

For the Eurex Block Trade, the minimum number of tradable contracts will be one contract.

Participants wishing to use the Eurex Trade Entry Services for the first time should confirm their acceptance of the General Conditions for Participation by signing the appropriate form and returning it to Eurex Exchange. In addition, where the member firm is a Non-Clearing Member, its Clearing Member must sign and return the General Clearer's Declaration Agreement at the same time. The necessary forms can be found on the Eurex Exchange website under the link:

Resources > Forms > Eurex Trade Entry Services

An overview of the Eurex Trade Entry Services available for the products as well as detailed information on all products on single product basis with regard to availability, possibility of utilisation and minimum number of tradable contracts for the various Eurex Trade Entry Services is available on the Eurex website under the link:

Products > Eurex Trade Entry Services > TES parameters

7.3 Risk parameters

As of start of trading, risk parameters of the new products will be published on the Eurex website under the link:

Market data > Clearing data > Risk parameters and initial margins

21 June 2017

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[…]

1.13.2 Settlement obligations

After the close of trading in the contract, the seller of a Single Stock Dividend Futures Contract shall pay in cash any difference between the agreed price and the higher final settlement price (Chapter II, number 2.1<u>4.2</u>~~5.2~~ of the Clearing Conditions for Eurex Clearing AG).

1.13.3 Term

For Single Stock Dividend Futures Contracts, terms are available until the final settlement day (number 1.1<u>3</u>4.4 paragraph 2) of the next five succeeding annual final settlement days in the December cycle.

[…]

1.13.8 Alterations to the Contract Sizes and Expiration Days of Futures Contracts on the Dividends of Shares

[…]

(5) In the event of a share split of the shares the dividend of which the Single Stock Dividend Futures contract is referencing to, the contract size increases correspondent to the ratio of the share split. At the same time, the settlement

[…]

(8) Nationalisation

If shareholders are subject to an event that is determined by the Eurex Exchanges as a nationalization, the futures contracts will, where practicable, be adjusted under the terms of 1.1<u>3</u>4.8 paragraph (7) as if it were a merger.

(9) If a corporate action, which is carried out within the meaning of the aforementioned conditions, is not regulated or covered by such conditions, the Management Boards of the Eurex Exchanges shall adjust the respective Futures contracts in order to maintain the original contract value, to guarantee regular market conditions and to ensure the clearing and settlement of the contracts. Also in case a capital transaction not regulated by the conditions of number

1.134.8 is carried out, the Eurex Exchanges shall issue a regulation similar to such conditions. The Eurex Exchanges shall notify the Exchange participants of the intended actions.

(10) If a corporate action, which is carried out within the meaning of the aforementioned conditions, is an event that is determined by the Eurex Exchanges as a nationalization, and it is determined that this cannot otherwise be regulated by the conditions of number 1.134.8, the expiration date of the futures contracts can be amended to the date determined by Eurex Exchanges to be the date that futures and options contracts on the reference shares are revoked or suspended and will then determine a final settlement price (Chapter II, number 2.145.2 of the Clearing Conditions for Eurex Clearing AG). The Eurex Exchanges shall notify the Exchange participants of the intended actions.

[…]

[…]

1.13.9 Relevant Dividends in Regards to Futures Contracts on the Dividends of Shares

[…]

(2) any dividends in relation to which adjustments pursuant to paragraph 1.134.8 were made, or those specifically determined as being extraordinary dividends under paragraph 1.134.8 (2) above, shall be excluded.

[…]

(4) the declared cash-equivalent dividend in respect of the reference shares relating to the Futures contracts listed in Annex D corresponds to the countervalue amount declared by the issuer. If no countervalue amount is declared by the issuer, the cash value is determined on the basis of the official closing price of the reference share on the relevant cash market (Annex D in relation to subsection 1.134 of the Contract Specifications) on the day preceding the Ex-Dividend date.

[…]

[...]

1.13.10 Delisting of an Underlying

If a cash market which – according to these Contract Specifications – has been determined as the relevant cash market for a Single Stock Dividend Futures Contract, announces that, pursuant to the regulations of the cash market, the underlying is no longer listed or traded on such cash market ("**Delisting**") or if the company to which the Single Stock Dividend Futures Contract refers, announces a delisting, and if such delisting does not take place pursuant to an event covered by number 1.134.8, the Management Board of Eurex Deutschland or Eurex Zürich respectively may, in

accordance with the Exchange Rules, order the delisting and the early termination in relation to the concerned Single Stock Dividend Futures Contracts on the last trading day of the underlying.

[…]

[…]

Annex D in relation to subsection 1.14 of the Contract Specifications:

Futures contracts on the dividends of Shares ("Single Stock Dividend Futures")	Product-ID	Group ID*	Cash Market-ID*	Contract Size	Minimum Price Change	Currency **
[…]						
Elisa	E2IA	FI21	XHEL	1000	0.001	EUR
Fortum	F2OT	FI21	XHEL	1000	0.001	EUR
Metso	V2LM	FI21	XHEL	1000	0.001	EUR
Nordea Bank	N2DB	FI21	XSSE	1000	0.001	EUR
Sampo	S2MP	FI21	XHEL	1000	0.001	EUR
[…]						

[…]

Group ID	Relevant Cash Market	ID of Cash Market
[…]		
FI21	Electronic Trading System of the OMX Helsinki Stock Exchange Electronic Trading System of the OMX Stockholm Stock Exchange	XHEL XSSE
[…]		

[…]

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Nordic Single Stock Dividend Futures (SSDFs)
(Eurex Market-Making Obligations)

1. Designated Market-Making Fees:

Upon fulfilment of quotation requirements pursuant to Number 2 on a monthly basis, Eurex Clearing AG will reimburse fifty (50) percent of the transaction fees for electronic order book and off-book transactions for all trades in SSDFs in the respective package concluded by Designated Market Makers (DMMs) on the M-account.

2. Quotation Requirements:

Designated Market Makers shall provide two-way quotes for the first, second and third expiration in a specified amount of Single Stock Dividend Futures in the respective package (Number 2.1). The quotes shall represent a minimum number of contracts quoted with a maximum bid-ask spread (Number 2.2). In addition, for the respective trading day, at least fifty (50) percent of the quotation period from 09:00 to 17:30 CET calculated on a monthly average, shall be quoted.

DMMs shall respond within thirty (30) minutes to all Eurex Market Supervision pricing requests up to a maximum of two requests per contract per day. This information will be retained for use by the Eurex Exchanges in their calculations and is not intended for public dissemination in its original form.

The quotation requirements will be reviewed on a quarterly basis and are subject to change.

2.1 Quotation Packages and Number of Exceptions

One quotation package will be offered for Designated Market-Making. The quotation requirements for this package shall be considered fulfilled, if the quotation requirements are fulfilled for all products contained within this package, whereby a certain number of exceptions per month will be allowed for this package.

Package	Package ID	Number of Package components	Number of monthly exceptions
Nordic	SDFFN	6	1

2.2 Maximum percentage spreads and minimum quote size

Table 1: Nordic Package – SDFFN

		Maximum Spreads			Minimum Size		
Product Name	Product ID	1st Expiry	2nd Expiry	3rd Expiry	1st Expiry	2nd Expiry	3rd Expiry
Elisa Oyj	E2IA	20%	20%	30%	50	50	25
Fortum Oyj	F2OT	40%	40%	50%	50	50	25
Metso Oyj	V2LM	15%	15%	25%	30	30	15
Nokia Corp. Oyj	N4OA	25%	25%	35%	50	50	25
Nordea Bank AB	N2DB	15%	15%	25%	30	30	15
Sampo plc	S2MP	40%	40%	50%	50	50	25

For the avoidance of doubt:

Where the first expiry in the contract series is December 2017 and the permissible percentage spread is noted as 20 percent for that expiry - then to fulfil the obligations the offer price must be no greater than the bid price plus 20 percent of that bid price.

For example: If the quoted bid is 1.50 and the permissible percentage spread is 20 percent then the offer price must be no greater than 1.80.

If due to a corporate action a successor product in one of the underlying instruments is admitted for trading with a standard contract size, the successor product will become part of the quotation requirements with effect from the first trading day of the next calendar month. This shall also apply if any index component is changed.

Please return by fax or e-mail to:

Schuphenie Chan
Fax no. +44-207-8 62-72 42
E-mail: schuphenie.chan@eurexchange.com

Designated Market Maker Agreement
for Single Stock Dividend Futures

dated as of _____

1. Eurex Frankfurt AG ("EFAG") and Eurex Clearing AG ("ECAG") and

_____ ("Participant")
(name of participant/Member ID)

hereby enter into this Designated Market Maker Agreement (the "Agreement") for the period from **3 July 2017 to 31 August 2017** under the conditions outlined below with respect to the following products (please tick the appropriate box):

Package	**Package ID**	**Please tick (✓)**	**Please tick (✓)** **to qualify for the Designated Market Maker fee cap (according to no. 3b of this Agreement):**
Nordic	SDFFN	☐	☐

2. The Participant will

   a) Fulfil the Market-Making Obligations as set out in Attachment 1 to Eurex Circular 062/17 by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich ("Eurex Market-Making Obligations") and published via Eurex circular.

   b) Provide EFAG with the name of a manager who has the authorisation and expertise necessary to make decisions and act as the coordinator for the Participant, who will be available for EFAG and ECAG with respect to this Agreement.

   c) Inform EFAG in the event the Participant is or will be unable to fulfil the Eurex Market-Making Obligations without undue delay and at the latest within one business day.

3. ECAG shall refund fifty (50) percent of all transaction fees (order book and off-book-transactions on Eurex Deutschland and Eurex Zürich – collectively the "Eurex Exchanges") for the contracts traded by the Designated Market Makers on M-accounts in the respective products (attributed to package with the ID SDFFN) up to and including 31 August 2017. Refunds will be paid in full only if the Eurex Market-Making Obligations have been fulfilled in the month prior to the month in which they are payable. No refunds will be made for contracts traded on A- or P-accounts.

4. EFAG and ECAG shall, upon the occurrence of one of the following events be entitled to terminate this Agreement:

   a) The Participant does not comply with the Eurex Market-Making Obligations for four consecutive months counted as of the date of this Agreement. Conformance of the Participant with the Eurex Market-Making Obligations shall be monitored by EFAG. EFAG will determine in its sole discretion whether the Participant has fulfilled the Eurex Market-Making Obligations.

   b) The Participant does not comply with any other of its obligations stated under Number 2 above.

5. The Participant shall, upon the occurrence of one of the following events be entitled to terminate this Agreement:

   a) A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for Single Stock Dividend Futures,

   b) A significant change to the Eurex Market-Making Obligations.

6. The Participant and EFAG and ECAG shall severally be entitled to terminate this Agreement without giving any reason with one calendar month's prior notice.

7. The Participant shall be notified of any changes to this Agreement and the Eurex Market-Making Obligations at least three (3) business days prior to the effective date thereof. The Participant accepts the amendments, provided a written objection is not filed with ECAG within three (3) business days after the publication. ECAG and EFAG reserve the right to terminate the contract in case of non-acceptance of the amendments.

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 Agreement to the fax number indicated above.

clear to trade

eurex clearing *circular 057/17*

Date: 21 June 2017
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

Single Stock Dividend Futures: Introduction of five Single Stock Dividend Futures on dividends of Nordic stocks

Related Eurex circular: 062/17

Contact: Derivatives Clearing Supervision, T +49-69-211-1 12 50, clearing@eurexclearing.com,
Risk Control, T +49-69-211-1 24 52, risk@eurexclearing.com

Content may be most important for:	**Attachments:**
➲ All departments	none

Summary:

Effective **3 July 2017,** Eurex Clearing AG (Eurex Clearing) will offer clearing services for five Single Stock Dividend Futures on dividends of Nordic stocks introduced at Eurex Deutschland and Eurex Zürich (collectively the Eurex Exchanges).

This circular contains information on clearing of the respective products which will be introduced on 3 July 2017.

Please refer to Eurex circular 062/17 for specific trading-related information on the introduction of the new products as well as the updated sections of the relevant Rules and Regulations of the Eurex Exchanges.

eurex clearing

Eurex Clearing AG
Mergenthalerallee 61
65760 Eschborn
Mailing address:
60485 Frankfurt/Main
Germany

Internet:
www.eurexclearing.com

Chairman of the Supervisory Board:
Hugo Bänziger

Executive Board:
Erik Tim Müller (CEO),
Heike Eckert (Deputy CEO),
Matthias Graulich,
Thomas Laux,
Manfred Matusza

Aktiengesellschaft mit Sitz in Frankfurt/Main
HRB Nr. 44828
USt-IdNr. DE194821553
Amtsgericht Frankfurt/Main

Single Stock Dividend Futures: Introduction of five Single Stock Dividend Futures on dividends of Nordic stocks

Effective 3 July 2017, Eurex Clearing AG (Eurex Clearing) will offer clearing services for five Single Stock Dividend Futures on dividends of Nordic stocks introduced at Eurex Deutschland and Eurex Zürich (collectively the Eurex Exchanges).

This circular contains information on clearing of the respective products which will be introduced on 3 July 2017.

Please refer to Eurex circular 062/17 for specific trading-related information on the introduction of the new products as well as the updated sections of the relevant Rules and Regulations of the Eurex Exchanges.

1. Overview

Single Stock Dividend Future on	Single Stock Dividend Future			Technical underlying of Single Stock Dividend Future	
	Eurex product code	Eurex product ISIN	Eurex product currency	Underlying product code	Underlying ISIN
Elisa Oyj	E2IA	DE000A2GF630	EUR	E2ID	XC000A2GF6Y5
Fortum Oyj	F2OT	DE000A2GF622	EUR	F2OD	XC000A2GF6X7
Metso Oyj	V2LM	DE000A2GF648	EUR	V2LD	XC000A2GF6Z2
Nordea Bank AB	N2DB	DE000A2GF606	EUR	N2DD	XC000A2GF6V1
Sampo plc	S2MP	DE000A2GF614	EUR	S2MD	XC000A2GF6W9

Eurex product code	Contract size	Minimum price change	Minimum size for Block Trades	Eurex product group	Eurex group ID	Product type
E2IA	1000	0.001	1	XHEL	FI21	FSTK
F2OT	1000	0.001	1	XHEL	FI21	FSTK
V2LM	1000	0.001	1	XHEL	FI21	FSTK
N2DB	1000	0.001	1	XSSE	FI21	FSTK
S2MP	1000	0.001	1	XHEL	FI21	FSTK

2. Contract specifications

Generally, contract specifications for the new Single Stock Dividend Futures are in line with the existing ones with the relevant Eurex group IDs, also in terms of trading hours and trading calendar, last trading day, settlement and determination of the daily and final settlement prices.

For further information of the contract specifications please refer to Eurex circular 062/17.

3. Transaction fees

The following fees for trading and clearing apply for the new Single Stock Dividend Futures on dividends of Nordic stocks:

Single Stock Dividend Futures with group ID according to Annex D of the Eurex Contract Specifications	Dividend	Currency	Regular transactions	Block Trades
DE21, BE21, ES21, FR21, FI21, GB23, IE21, NL21, IT21	>= 1.00	EUR	1.20	1.80
	0.75 – 0.99	EUR	1.00	1.50
	0.50 – 0.74	EUR	0.80	1.20
	0.25 – 0.49	EUR	0.60	0.90
	< 0.25	EUR	0.20	0.30

For further information please refer to the Price List of Eurex Clearing AG available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

Resources > Rules and Regulations > Price list

4. Market-Making

Effective 3 July 2017, the following measure of Eurex Clearing will come into effect:

- Introduction of the Designated Market-Making scheme for the new Single Stock Dividend Futures on dividends of Nordic stocks valid from 03 July 2017 until 31 August 2017.

The relevant conditions and details as well as the exact parameters of the Designated Market-Making scheme in the respective products can be found in Eurex circular 062/17.

In order to sign up as Designated Market Maker, please send the filled-out and signed form (attachment 3 to Eurex circular 062/17) to Schuphenie Chan via fax to +44-207-86-2 72 42 or via e-mail to: schuphenie.chan@eurexchange.com.

5. Risk parameters

Margins for the new products are calculated in Prisma.

For the risk parameters of the new products, please refer to the Eurex Clearing website www.eurexclearing.com under the following link:

Risk management > Risk parameters

If you have any questions or require further information, please contact Derivatives Clearing Supervision at tel. +49-69-211-1 12 50 or send an e-mail to: clearing@eurexclearing.com. Alternatively, Risk Control is available at tel. +49-69-211-1 24 52 or via e-mail to: risk@eurexclearing.com.

21 June 2017