clear to trade

eurex clearing *circular 109/17*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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Options on Exchange Traded Funds (EXTF options): Introduction of options contracts on iShares USD High Yield Corporate Bond ETF, iShares J.P. Morgan USD Emerging Market Bond ETF and iShares USD Corporate Bond ETF

Related Eurex circular: 120/17

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

Summary:

Effective **20 November 2017,** Eurex Clearing AG (Eurex Clearing) will offer clearing services for options contracts on iShares USD High Yield Corporate Bond ETF, iShares J.P. Morgan USD Emerging Market Bond ETF and iShares USD Corporate Bond ETF 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 20 November 2017.

Please refer to Eurex circular 120/17 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

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1. Overview

Product Code	Underlying ETF	Currency	Underlying ISIN	Ticker
OHYU	iShares USD High Yield Corporate Bond ETF	USD	IE00B4PY7Y77	IHYU LN
OEMB	iShares J.P. Morgan USD Emerging Market Bond ETF	USD	IE00B2NPKV68	IEMB LN
OQDE	iShares USD Corporate Bond ETF	USD	IE0032895942	LQDE LN

2. Contract specifications

For the detailed contract specifications, please refer to Eurex circular 120/17.

Underlying	iShares USD High Yield Corporate Bond ETF iShares J.P. Morgan USD Emerging Market Bond ETF iShares USD Corporate Bond ETF
Currency	USD
Contract months	Maturities up to 12 months: The three nearest successive calendar months, the three following quarterly months of the March, June, September and December cycle
Last trading day (option expiration day)	Third Friday of the expiration month
Final settlement day	Physical Delivery: Settlement in t+2 business days after the last trading day
Exercise (Prices)	American-style, with exercise price intervals of 0.5 index points for the first three monthly contracts, and 1.0 index points for the back months, with at least seven exercise prices available for each term for each call and put
Daily settlement price	Determined based on Cox/Ross/Rubinstein model
Settlement	Physical delivery of 100 index fund shares
Minimum tick	0.01 USD

Block trading	Allowed. Block Trade Minimum Size: 100 contracts
Fees	Orderbook: USD 0.30, Off-Book: USD 0.40

3. Product groups

The product groups assigned to the new EXTF options are as follows:

Product ID	ISIN	Name	Product assignment group
OHYU	DE000A2G9SQ5	Options on iShares USD High Yield Corporate Bond ETF	NNSHFU
OEMB	DE000A2G9QK2	Options on iShares J.P. Morgan USD Emerging Market Bond ETF	NNSHFU
OQDE	DE000A2G9QL0	Options on iShares USD Corporate Bond ETF	NNSHFU

4. Transaction fees

The following fees for trading and clearing apply for the new EXTF options:

Product	Orderbook transactions	Off-Book transactions
Options on iShares USD High Yield Corporate Bond ETF	USD 0.30	USD 0.40
Options on iShares J.P. Morgan USD Emerging Market Bond ETF	USD 0.30	USD 0.40
Options on iShares USD Corporate Bond ETF	USD 0.30	USD 0.40

5. Market-Making

Effective 20 November 2017, the following measures of Eurex Clearing will come into effect:

- Introduction of Market-Making scheme for the new EXTF options, valid from 20 November 2017 until 31 December 2017. Upon fulfilment of the relevant Market Making obligation, the participants shall receive a total refund of the transaction fees for the new EXTF options contracts traded on the M-account in the electronic order book and for off-book transactions on a monthly basis.
- Furthermore, Eurex Clearing offers a revenue sharing in which 50 percent of the net revenues, i.e. transaction fees paid by all exchange participants trading the new EXTF options and collected by Eurex Clearing (less any Market-Making rebates granted) from 20 November until 31 December 2017 are distributed. 50 percent of the net transaction fees will be distributed among the top five fulfilling Market Makers on a monthly basis according to the ranking of one single Market Maker out of the total trading volume of the top five Market Makers (based on M-account volumes). The top Market Maker will receive 25 percent of the net transaction fees, while 15 and 10 percent of the net transaction fees will be shared with the Market Makers ranked second and third.

The relevant conditions and details as well as the exact parameters of the Market-Making scheme in the respective products can be found in Eurex circular 120/17.

Participants who are interested in taking part are requested to fill in and return the Market Maker Agreement (attachment 2 to Eurex circular 120/17) to Samuel Price, Product R&D Fixed Income, via fax +44-207-862-93 47 or via e-mail: samuel.price@eurexchange.com.

6. 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

7. Trading hours (CET)

Product	Pre-trading	Trading	Post-trading	Offbook-trading	Last trading day	
					Trading until	Exercise until
Options on iShares USD High Yield Corporate Bond ETF, iShares J.P. Morgan USD Emerging Market Bond ETF and iShares USD Corporate Bond ETF	07:30-08:51	08:51-17:30	17:30-20:00	09:00-19:00	17:30	20:00

8. Necessary preparations for the start of trading

All Eurex Trading Participants (General-, Direct- or Non-Clearing Members at Eurex Clearing) who wish to participate in trading in options on iShares USD High Yield Corporate Bond ETF, iShares J.P. Morgan USD Emerging Market Bond ETF and iShares USD Corporate Bond ETF at the Eurex Exchanges and General Clearing Members whose Non-Clearing Members wish to participate in trading at the Eurex Exchanges, must complete the CSD-Selection form (attachment 4 to Eurex circular 120/17) for settlement account settings for derivative deliveries. This activates the CBF 6-series (CBL) account for EXTF options denominated in USD necessary to trade options on iShares USD High Yield Corporate Bond ETF, iShares J.P. Morgan USD Emerging Market Bond ETF and iShares USD Corporate Bond ETF.

If you have any questions or require further information, please contact Clearing Operations 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.

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