X-pand into the Future

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Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

Mini Futures on VSTOXX®: Extension of Market-Making scheme

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Content may be most important for:

- Front Office/Trading
- Middle + Backoffice

Attachment:
Corrected Designated Market Maker Agreement for Mini Futures on VSTOXX® Index

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided effective **1 January 2017** to extend the Designated Market-Making scheme for Mini Futures on VSTOXX® (FVS).

Information about the related decisions to be passed by Eurex Clearing AG will be published in a separate Eurex Clearing circular at a later date. Thus the new schemes are subject to the corresponding decisions by Eurex Clearing AG.

Mini Futures on VSTOXX®: Extension of Market-Making scheme

1. Overview

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided effective 1 January 2017 to extend the Designated Market-Making scheme for Mini Futures on VSTOXX® (FVS).

2. Market-Making

Eurex Exchange offers interested Participants the opportunity to participate in Designated Market-Making for Mini Futures on VSTOXX® (FVS).

As Designated Market Makers, Eurex Participants 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 Exchange, Designated Market Makers agree to supply additional price and valuation analysis.

In return, Designated Market Makers will be reimbursed all transaction fees for the time period from 1 January 2017 until 31 December 2017 for trades in VSTOXX® Mini Futures concluded on M-accounts, if all quote obligations are fulfilled.

The refund will be paid monthly if the Eurex Market-Making Obligations have been fulfilled.

Market participants, who wish to register as Designated Market Makers in this product are requested to use the attached form.

A. Quote obligations: Designated Market-Making in Mini Futures on VSTOXX® (FVS)

Designated Market Makers in Mini Futures on VSTOXX® (FVS) may choose between one of the following quotation parameter sets for fulfillment of the Designated Market-Making scheme:

Scheme 1

Minimum quote size:	30 contracts
Maximum spread:	Expiration months 1-4: 0.30 volatility index points for bids up to 20 index points. 1.5 percent for bids greater than 20. Expiration months 5-8: 0.40 volatility index points for bids up to 20 index points. 2 percent for bids greater than 20.
Required coverage:	Per calendar month 75 percent of the total trading period on a monthly average between 9:00 and 17:30 CET.
Expiration range:	All eight expiration months must be quoted.

Scheme 2

Minimum quote size:	200 contracts
Maximum spread:	Expiration months 1-4: 0.20 volatility index points for bids up to 20 index points. 1 percent for bids greater than 20. Expiration months 5-8: 0.30 volatility index points for bids up to 20 index points. 1.5 percent for bids greater than 20.
Required coverage:	Per calender month 75 percent of the total trading period on a monthly average between 9:00 and 17:30 CET.
Expiration range:	All eight expiration months must be quoted.

Scheme 3

Minimum quote size:	100 contracts
Maximum spread:	Expiration months 1-4: 0.40 volatility index points for bids up to 20 index points. 2 percent for bids greater than 20. Expiration months 5-8: 0.60 volatility index points for bids up to 20 index points. 3 percent for bids greater than 20.
Required coverage:	Per calendar month 75 percent of the total trading period on a monthly average between 14:00 and 22:00 CET.
Expiration range:	All eight expiration months must be quoted.

The Market-Making conditions above are subject to a quarterly review and can be amended.

B. Revenue sharing scheme for Designated Market Makers

Designated Market Makers that register and qualify for Scheme 2 automatically participate in a revenue sharing scheme, upon fulfilment of the quotation requirements. The revenue sharing will run from 1 January 2017 until 31 December 2017.

Distribution takes place on a monthly basis to the Market Makers who qualified. The detailed revenue allocation is as follows:

20 percent of the net trading revenues (revenues from trading minus rebates) in Mini Futures on VSTOXX® Mini Futures will be distributed among the top three Market Makers on a monthly basis according to a ranking of the volume of one single Market Maker out of the total trading volume of the top three Market Makers in Mini Futures on VSTOXX® (based on M-account order book and off-book volumes). The top Market Maker will receive ten percent of the net transaction fees, while seven percent and three percent of the net transaction fees will be shared with the Market Makers ranked two and three. If less than three Market Makers qualify for revenue sharing, the top ranked Market Maker receives twelve percent and the second ranked Market Maker receives eight percent of the net transaction fees. If only one Market Maker qualifies, this Market Maker receives 20 percent of the net transaction fees.

5 December 2016

Please return by e-mail or fax to:

sascha.semroch@eurexchange.com
Fax no.: +49-69-2 11-61 50 78

Designated Market Maker Agreement for Mini Futures on VSTOXX® Index

dated as of: _____

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

_____ ("Participant")
(name of participant)

hereby enter into this Designated Market Maker Agreement (the "Agreement") under the conditions as outlined below with respect to Mini Futures on VSTOXX® Index for the period from **1 January 2017 until 31 December 2017** for the following schemes:

Product	**Eurex product code**	**Please tick (✓) if applicable**
Mini Futures on VSTOXX® - scheme 1	FVS	☐
Mini Futures on VSTOXX® - scheme 2	FVS	☐
Mini Futures on VSTOXX® - scheme 3	FVS	☐

in accordance with the terms and conditions stated in the Quote Obligations in their most recent form.

2. The Participant shall

a) Fulfil the Market-Making Scheme for Mini Futures on VSTOXX® Index as set out by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG ("Eurex Market-Making Obligations") and published via Eurex circular.

b) provide EFAG with the name of a manager who has the authorization 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.

3. ECAG shall

a) Refund 100 percent of all transaction fees (order book and off-book-transactions on the Eurex Exchanges) for the contracts traded by the Designated Market Makers on M-accounts in the respective product up to and including 31 December 2017. 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 Eurex Market-Making Obligations are not fulfilled.

b) Offer a revenue sharing to market makers fulfilling the Quotation Obligations under Scheme 2 up to 31 December 2017. 20 percent of the net trading revenues (revenues from trading minus rebates) in Mini Futures on VSTOXX® will be distributed among the top three Market Makers on a monthly basis according to a ranking of the volume of one single Market Maker out of the total trading volume of the top three Market Makers in Mini Futures on VSTOXX® (based on M account order book and off-book volumes). The top market maker will receive 10 percent of the net transaction fees, while seven percent and three percent of the net transaction fees will be shared with the market makers ranked two and three. If less than three Market Makers qualify for the revenue sharing, the top ranked Market Maker receives 12 percent and the second ranked Market Maker receives eight percent of the net transaction fees. If only one Market Maker qualifies, this Market Maker receives 20 percent of the net transaction fees.

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. The 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 requirements stipulated in 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 Mini Futures on VSTOXX® Index,

   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 (1) 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 and EFAG 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.

8. EFAG and ECAG offer this contractual agreement to interested Trading Participants. Through signature by the Trading Participant, this Agreement automatically becomes a binding contract, even without counter-signature by representatives of EFAG and ECAG.

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.