X-pand into the Future

eurex circular 034/08

Date: Frankfurt, February 18, 2008
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

⚠ **Action required** ⚠ **High priority**

Euro-Buxl® Futures: New Designated Market-Making Program

Related Eurex Circulars: 102/05, 161/05

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Content may be most important for:

➲ Front Office/Trading

Attachments:

1. Designated Market-Maker Application Form
2. Designated Market Maker Quote Obligations

Summary:

The Management Boards of the Eurex Exchanges have decided to introduce a new Designated Market Making Program for 30-year German state debt securities (Euro-Buxl® Futures) which will start on **March 10, 2008**. The new scheme is designed to substantially improve liquidity in the order book.

Please contact Nadja Urban on tel. +49-69-211-1 51 05, fax +49-69-211-61 51 05 or e-mail nadja.urban@eurexchange.com for any further questions you may have.

Euro-Buxl®-Futures: New Designated Market-Making Program

The Management Boards of the Eurex Exchanges have decided to introduce a new Designated Market-Making Program for the Euro-Buxl® Future. Starting March 10, 2008, the new scheme will contribute to improve liquidity in Euro-Buxl® Futures.

As a Designated Market Maker, the Eurex Member undertakes to continually provide bid and ask prices (quotes) for a specified minimum number of contracts and in compliance with maximum spreads for a predefined period of time. Designated Market Making will run from **March 10, 2008 until December 31, 2008.**

Provided the Market Maker fulfills his obligations, Eurex will in return refund 100 percent of trading and clearing fees for the contracts concluded by the Market Maker on M accounts. Subject to the condition that specific daily trading volumes are attained, Market Makers will be credited additional monthly amounts in 2008 as well as a revenue share for 2009, both according to their trading share within the group of Designated Market Makers.

Please see attachments 1 and 2 for the detailed parameters of the Designated Market-Making Program.

Members who are interested in participating are requested to fill out and return the attached Market Maker application (attachment 1) to Nadja Urban, Eurex, fax +49-69-211-61 51 05.

Frankfurt, February 18, 2008

Application Form - Designated Market Making Scheme

To Eurex
Product Strategy
Nadja Urban
Neue Börsenstraße 1

60487 Frankfurt am Main

Fax no.: +49-69-211-61 51 05

Application for the Status of Designated Market Maker in Euro-Buxl®-Futures

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in the following contract in the Euro-Buxl®-Futures (FGBX) for the period from **March 10, 2008 until December 31, 2008 (commitment period)** in accordance with the terms and conditions stated in the Quote Obligations (attachment).

2. As a Designated Market Maker

   a) we will provide bid and ask quotes or orders on a continuous basis

      - for the minimum number of contracts specified in the quote obligations
      - in compliance with the Maximum Spreads specified in the quote obligations; and
      - for the period of time specified in the quote obligations

   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; 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.

3. Eurex will in return

   a) – if wished - mention the name of the Eurex member with the Designated Market Maker status in advertising and informative material in connection with the contracts;

   b) – if wished - make Eurex spokesmen and printed material available for seminars organized by the Designated Market Makers regarding the fixed income futures; and

   c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on Market Maker (M) - accounts up to December 31, 2008 upon fulfillment and grant a monthly stipend of x% of 50,000 (80,000) euros provided the three-month daily moving average in the

Euro-Buxl®-Futures exceeds 6,000 (8,000) contracts per day, whereas “x” is defined by the monthly trading share of each market maker within the group of official market makers.

d) pay out 50% of the Eurex revenues in Euro-Buxl®-Futures in 2009 if the daily average of the fourth quarter 2008 exceeds 10,000 contracts per day and the market maker has fulfilled its quote obligation in eight out of ten calendar months. The liquidity pool will be distributed according to the trading share of each market maker within the group of official market makers in 2008.

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. 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, 2008. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The associated Quote Obligations (attachment) 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 firm) E-mail address

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

Attachment to the Application for the Status of Designated Market Maker in Euro-Buxl® Futures:

Quote Obligations

Eurex Code:	**FGBX**
Minimum Size:	10 contracts on the bid and ask side 15 contracts on the bid and ask side once the 3-month daily moving average exceeds 8,000 contracts per day
Maximum Spread:	3 ticks = EUR0.06
Quotation Period:	60 percent of the daily trading period between 8:00 a.m. CET and 10:00 p.m. CET on a monthly average Market Makers will be obliged to supply bid and ask quotes only in the front month contracts until three exchange trading days immediately preceding the last trading day of the front month contract; afterwards market makers have the choice of quoting the front or the next contract month The commitment period starts March 10, 2008 and ends December 31, 2008