X-pand into the Future

eurex circular 002/12

Date: January 2, 2012
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

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

Equity- and Equity Index Options: Adjustment of Market Maker Obligations, Change of Strike Price Window

Contact: Sascha Semroch, Eurex Product Development, tel. +49-69-211-1 50 78,
e-mail: sascha.semroch@eurexchange.com

Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- IT/System Administration

Attachment:
Market Maker Obligations in equity options:
Updated list of minimum Quote Sizes and Spread Class assignments

Summary:

Effective **February 1, 2012,** quotation requirements for Market Makers in equity options at Eurex will be changed in the following way:

1. Change of Minimum Quote Sizes and Spread Class Assignments

Resulting from Eurex's regular Market Maker parameter review, adjustments of parameters in the two different Market-Making models, i.e. Permanent Market-Making (PMM) and Advanced Market-Making (AMM) will be made. Minimum quote sizes and spread class assignments are set according to market conditions and liquidity.

2. Extension of Strike Price Window

Participants who are taking part in Market-Making schemes are kindly requested to adjust their system settings accordingly. It is highly recommended to verify Market Maker performance in the first days of February 2012, using the respective Eurex MMPM reports.

Equity- and Equity Index Options: Adjustment of Market Maker Obligations, Change of Strike Price Window

1. Change of Minimum Quote Sizes and Spread Class Assignments

Minimum quote sizes and spread class assignments for Belgian, Dutch, French, German, Italian, Scandinavian, Spanish and Swiss equity options are adjusted based on a scheme that captures market conditions and liquidity for each individual product (see list under point 1.1).

The changes will become effective on February 1, 2012.

1.1 List of minimum quote sizes and spread class assignments

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		Number of expirations to be quoted for PMM/AMM;	AMM Package ID
			RMM	AMM/ PMM	the first	
Options on						
EURO STOXX 50® **Components**						
AIR LIQUIDE	AIR	3~~2~~	NA	20	6	ESX50 FR
ALLIANZ	ALV	2~~3~~	NA	50~~20~~	8	ESX50 DE
AXA	AXA	1~~2~~	NA	100~~50~~	6	ESX50 FR
BANCO SANTANDER	BSD2	B	NA	100~~50~~	8	ESX50 ES
BMW	BMW	2	NA	50~~20~~	8	ESX50 DE
BNP	BNP	2	NA	50~~20~~	6	ESX50 FR
E.ON	EOA	2	NA	100~~50~~	8	ESX50 DE
ENEL	ENL5	A	NA	50~~20~~	7	ESX50 IT
FRANCE TELECOM	FTE	1~~2~~	NA	100	6	ESX50 FR
SCHNEIDER ELECTRIC	SND	2~~3~~	NA	20	6	ESX50 FR
SOCIETE GENERALE	SGE	2	NA	50~~20~~	6	ESX50 FR
UNICREDIT	CRI5	A	NA	50~~20~~	7	ESX50 IT

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		Number of expirations to be quoted for PMM/AMM;	AMM Package ID
			RMM	AMM/ PMM	the first	
Options on						
Swiss Equities						
ABB	ABBN	2	NA	100~~50~~	8	CH
ACTELION	ATLN	7	NA	20~~10~~	6	CH
ADECCO	ADEN	2	NA	20~~10~~	7	CH
CREDIT SUISSE	CSGN	2	NA	100~~50~~	8	CH
HOLCIM	HOLN	2	NA	20~~10~~	7	CH
JULIUS BAER GROUP	BAEN	2	NA	20~~10~~	7	CH
NESTLE	NESN	2	NA	100~~50~~	8	CH
NOBEL BIOCARE	NOBE	1~~2~~	NA	20	6	CH
NOVARTIS	NOVN	2	NA	100~~50~~	8	CH
SONOVA HOLDING AG	SOON	3~~2~~	NA	20~~10~~	6	CH
ROCHE	ROG	3	NA	20~~10~~	8	CH
SWISS LIFE	SLHN	3	NA	20~~10~~	8	CH
SYNGENTA	SYNN	4	NA	50~~20~~	7	CH
UBS	UBSN	1~~2~~	NA	200~~100~~	8	CH

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		Number of expirations to be quoted for PMM/AMM;	AMM
			RMM	AMM/ PMM	the first	Package ID
Options on						
Other Equities						
AIR FRANCE	AFR	1	NA	2010	6	FR
AIXTRON	AIX	12	NA	2010	6	DE
APERAM	7AA	12	NA	20	6	NL
CELESIO	CLS	12	NA	20	6	DE
CNP ASSURANCES	XNP	12	NA	10	6	FR
COMMERZBANK	CBK	1	NA	200100	8	DE
CONTINENTAL	CON	7	NA	2010	8	DE
DEXIA	DXB	1	NA	5020	6	FR/BE
ELECTRICITE DE FRANCE	E2F	2	NA	2010	6	FR
FIAT	FIA5	A	NA	2010	7	IT
GEA	G1A	2	NA	1020	6	DE
K+S	SDF	2	NA	2010	6	DE
KLOECKNER	KCO	12	NA	20	6	DE
KON. BAM GROEP N.V.	BGPA	1	NA	2010	6	NL
LINDE	LIN	3	NA	2010	8	DE
METRO	MEO	2	NA	2010	8	DE
MLP	MLP	1	NA	1020	7	DE
PORSCHE	POR3	2	NA	5020	6	DE
POSTNL	PNL	1	NA	2010	6	NL
Q-CELLS	QCE	1	NA	5020	6	DE
SBM OFFSHORE	SBMO	2	NA	2010	6	NL
SOLARWORLD	SWV	6	NA	2010	6	DE

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		Number of expirations to be quoted for PMM/AMM; the first	AMM Package ID
			RMM	AMM/ PMM		
Options on						
Other Equities						
STMICROELECTRONICS	SGM	1	NA	5020	6	FR
TELECOM ITALIA	TQIR	A	NA	2010	7	IT
TELIASONERA	TLSN	12	NA	10	6	SC
TUI	TUI	1	NA	5020	8	DE
UNITED INTERNET	UTDI	21	NA	20	6	DE
UPM-KYMMENE	RPL	12	NA	20	6	SC
VEOLIA ENVIRONMENT	VVD	12	NA	20	6	FR
WACKER CHEMIE	WCH	23	NA	10	6	DE
WOLTERS KLUWER	WOS	12	NA	10	6	NL

The new obligations will be published on the Eurex website in both formats, PDF and CSV, whereby the CSV file is electronically processable. The files can be downloaded from the Eurex website under the following links:

PDF: http://www.eurexchange.com/trading/market_model/market_making/obligations_en.html
CSV: http://www.eurexchange.com/trading/market_model/market_making/quote_parameters_en.html

2. Extension of Strike Price Window in Equity and Equity Index Options

In order to increase the flexibility for Market Makers in the choice of strike prices to be quoted within the Market-Making performance measurement, the strike price window will be extended from seven to 15 strikes, nearest to at-the-money (Spot). The amount of strikes to be quoted will be increased from five to seven. Asymmetric quotation is allowed. If less than 15 strikes are available in a given expiration month the requirement will be adjusted proportionally.

Please note:
The change applies to all equity and equity index options that are part of the AMM packages BE, ESX50, NL, FR, DE, IT, SC, ES and CH. Affected index options are ODAX, OESX, OSMI and OSLI.

January 2, 2012