

1. Anonymous Negotiation

1.1 Overview of the Anonymous Negotiation Functionality

Anonymous Negotiation functionality will offer the ability for a requester to select whether the RFQ is Anonymous (i.e. Does not disclose requester identity or responder quote specific identity at any point during or after the normal negotiation process¹).

1.2 Overview of the Anonymous Negotiation Process

1.2.1 Sending an anonymous RFQ

The Requester, as a minimum, needs to perform the following actions:

1. Open Eurex EnLight Requester and click 'Add Eurex EnLight'
2. Fill in the RFQ Request – The following actions can be performed in any order.
 - a. Select Strategy
 - b. Select Instrument, Strike and Expiry
 - c. Set Negotiation Type (Optional)
 - d. Select Responders from at least four different business units
 - e. Check the box "Anonymous"
3. Submit RFQ

Below is a quick run through of the steps required to Fill in and submit an anonymous RFQ.

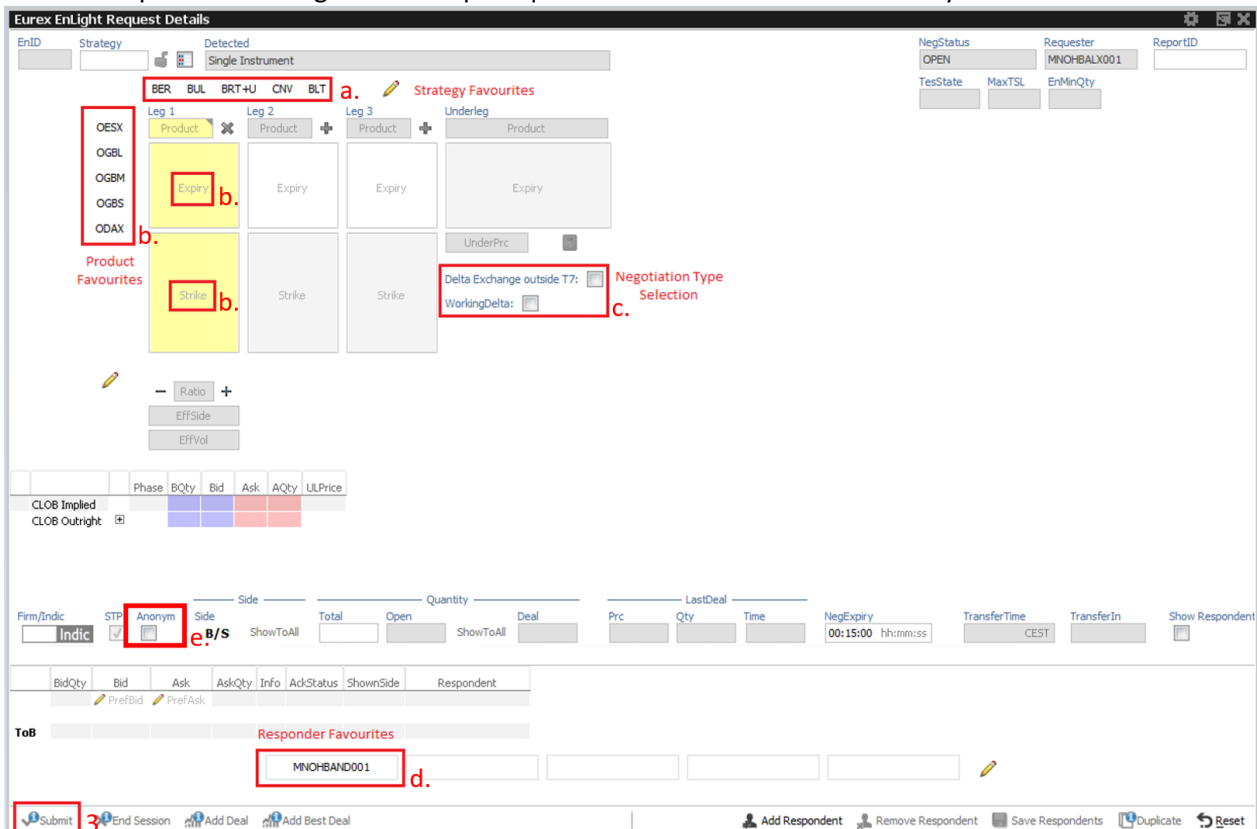


Figure 1-1 Eurex EnLight Request Details screen. Highlighted are the main inputs required to submit the RFQ

¹ Except under certain circumstances during a Trade Reversal. See later section.

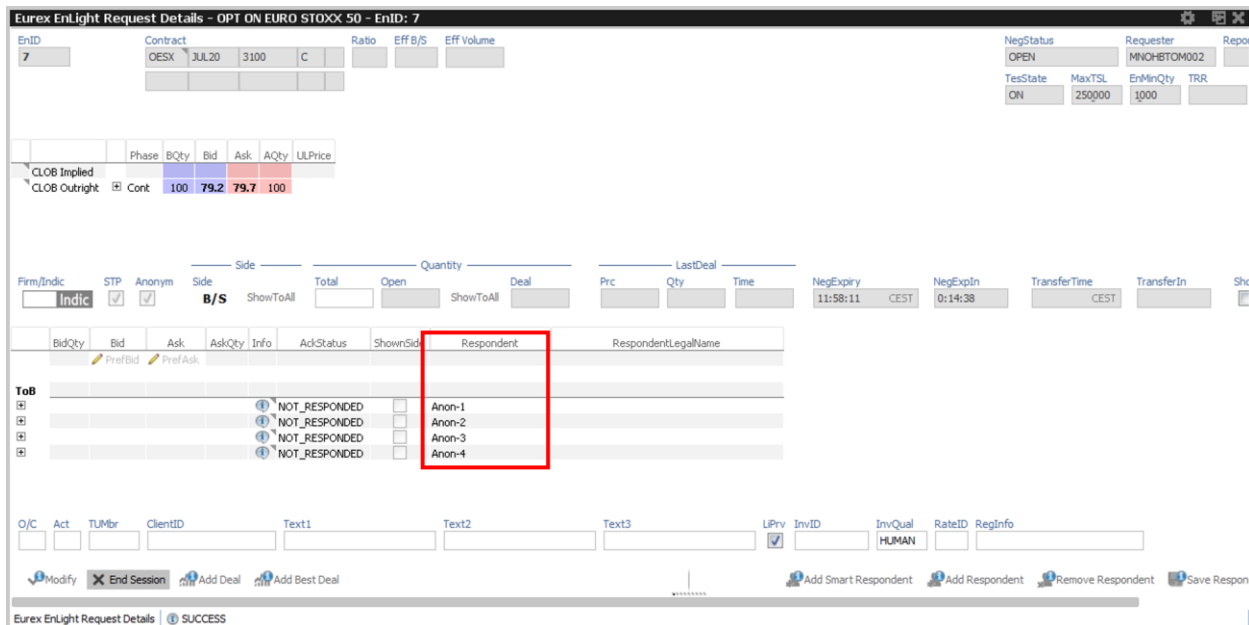


Figure 1-2 Eurex EnLight Request Details screen. After Request has been send the Responders get anonymized.

The 'Anon-(1..n)' responses are not in the original responder list order.

Once an Anonymous Negotiation RFQ has been imitated, all subsequent steps are the same as with a Non-Anonymous Negotiation, other than both parties remain anonymous.

1.3 Filtering of Anonymous RFQs

The Trade to Request Ratio (TRR) is designed to give a measure of the quality of a Requesters flow. The calculation is described later in this section.

In order to not receive an Anonymous RFQ from a requester with a low TRR, it is possible to set a TRR Threshold so that only Anonymous RFQs with this value or higher are received.

To set up the TRR Threshold for Eurex EnLight Anonymous Negotiation the Responder needs to perform the following actions:

1. Open Admin GUI
2. Open the "Eurex EnLight Blacklist" and select "Add".
 - a. Fill in the threshold information (in yellow)
 - b. Right click on "LoginName" and select the LoginName (Trader id) that the Admin wishes to set a threshold for.
 - c. Select the "MarketGroup" for which the TRR should apply. This is the Product Assignment Group (PAG). A right click will list all PAGs available. A list of products within each PAG can be found on the Eurex website.
 - d. Define the TRR as an Integer from zero to 100.
3. Select "Apply" to save the change.

Below is a quick description with screen shots of the steps required to set up the Eurex EnLight Anonymous RFQ thresholds described previously:

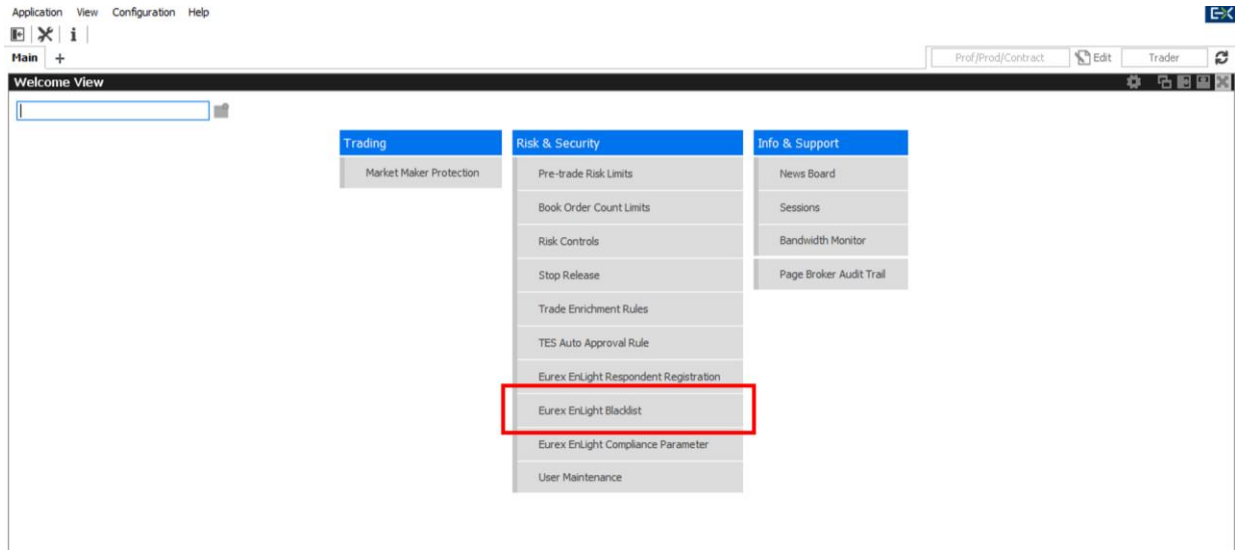


Figure 2-1 T7 Admin Welcome Screen. Selecting Eurex EnLight Threshold List.

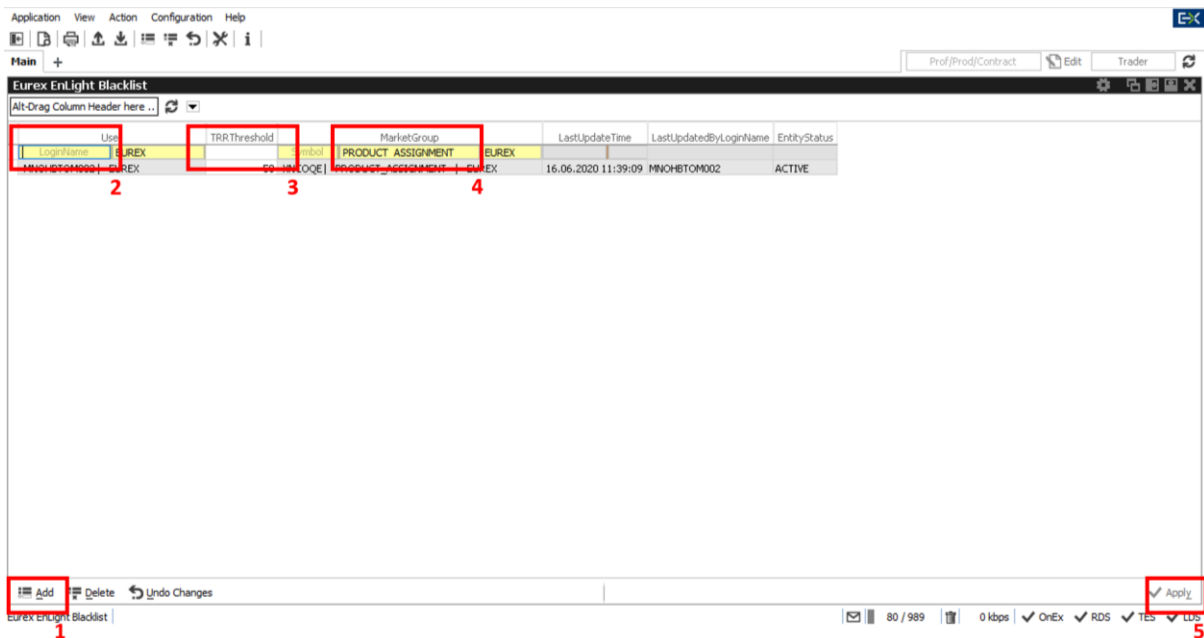


Figure 2-2 T7 Select "Add" and fill in TRR information.

1.3.1 Calculation of the TRR

The TRR calculation is defined as:

Total number of RFQ Sessions over the last 90 calendar days (one quarter), where there is at least one resulting EnLight Deal

divided by

Total number of RFQs sent by the Requester where there were:

- i. one or more responding quotes and
- ii. at least two responders were targeted.

This means that a newcomer to the platform starts with a TRR of zero. However, the TRR calculation also uses data from non-anonymous requests and so it is possible to use non-anonymous RFQs in order to build the TRR.

TRR is calculated for the 'Entering Requester' Trader id for all their respective RFQs.

TRR is disseminated to responders rounded to the nearest 10% with Anonymous RFQs only.

1.4 Anonymous Negotiation Trade Reversals

A detailed explanation of this process can be found in the relevant published Circular.

Participants can request the cancellation of off-book trades upon mutual agreement according to section 4.9 of the Conditions for Trading at Eurex Deutschland. Due to the nature of anonymously negotiated EnLight trades, however, both sides (requesters as well as responders) do not know with whom they finally traded. To address the problem that a bilateral reversal negotiation is not possible in case one counterparty wishes to reverse the trade, Derivatives Trading Operations steps in and will act as agent between the counterparties. The process will be as follows:

1. The counterparty that wishes to reverse the trade ("Counterparty A") contacts Derivatives Trading Operations, authorizes himself and states that they wish to reverse an anonymous EnLight trade.
2. Derivatives Trading Operations files the anonymous EnLight trade reversal request and tries to get in contact with the other counterparty ("Counterparty B") on a best-effort basis.
 - a. In case the correct contact person of Counterparty B is available, they disclose the reversal request and ask if they approve the reversal.
 - i. If Counterparty B approves the request, the trade will be reversed and both involved counterparties will be informed about the reversal. In this case the anonymity is kept.
 - ii. If Counterparty B declines the request, the trade will persist. However, both counterparties will be informed about the unsuccessful reversal request and the identity of the counterparties will be lifted. The counterparties can then bilaterally negotiate a reversal.
 - b. In case the correct contact person of Counterparty B was not available, the trade will persist. Both counterparties will be informed about the unsuccessful reversal request and the identity of the counterparties will be lifted. The counterparties can then attempt to bilaterally negotiate a reversal.

Please note that Derivatives Trading Operations does offer the agent service for anonymous EnLight trades only. Additionally, there is no guarantee that the counterparty can be contacted by Derivatives Trading Operations. Therefore, this service can only be offered on a best-effort basis.