X-pand into the Future

eurex circular 136/16

Date: 21 December 2016
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

Futures on EURO STOXX® and STOXX® Europe 600 Broadbased and Size: Extension of Designated Market-Making scheme

Related Eurex Circulars: 273/14, 233/15

Contact: Christine Heyde, Product R&D Equity & Index, T +49-69-211-1 56 98,
christine.heyde@eurexchange.com

Content may be most important for:

➲ All departments

Attachments:

1. DMM scheme for Broadbased and Size Futures
2. Designated Market-Making Agreement

Effective **1 January 2017**, the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG took the following decision:

- Extension of the Designated Market-Making scheme for futures on EURO STOXX® and STOXX® Europe 600 Broadbased and Size Indexes until **31 December 2017**.

This circular contains all information on the extension of the incentive schemes and the registration form for the Designated Market-Making scheme.

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

Trading Participants interested in the Designated Market-Making scheme are requested to use the application form attached to this circular (see attachment 2).

Designated Market-Making scheme for EURO STOXX® and STOXX® Europe 600 Broadbased and Size index futures (BB/Size futures) – quote obligations

1. Market-Making fees

Upon fulfilment of quotation requirements on a monthly basis, Eurex Clearing AG will rebate a part of the transaction fees for contracts traded in the respective BB/Size futures concluded by a Market Maker on the M-account.

The rebate of the transaction fees will amount to

- 100 percent for transactions in the electronic order book and 80 percent for off-book transactions upon fulfilment in the quote obligation for the individual BB/Size futures.

2. Quotation requirements

Market Makers commit to quote permanently specified BB/Size futures. The quotes have to represent a minimum number of contracts (section 2.2) quoted with a maximum bid-ask spread (section 2.1).

In addition, quotation requirements for the quotation period and maturities to be quoted are as follows:

- Quotation period: At least 70 percent of the daily trading hours between 09:00 and 17:30 CET on a monthly average.
- Maturities: Current front month contract until five exchange trading days immediately preceding the last trading day of the front month contract; afterwards, Market Makers have the choice of quoting the front month or the next contract month.

The quotation requirements will be reviewed on a quarterly basis and are subject to change.

2.1 Quotation package

A quotation package will be offered for Market-Making. The quotation requirements for the package will be considered fulfilled, if the quotation requirements are fulfilled for all products contained in the package.

Package	Package ID	Number of package components	Number of monthly exceptions
EURO STOXX® BB/Size futures	A	4	0
STOXX® Europe 600 BB/Size futures	B	4	0

2.2 Spread class

Spread class 1: Maximum spread of 0.4 percent of bid price

Spread class 2: Maximum spread of 0.6 percent of bid price

Spread class 3: Maximum spread of 0.8 percent of bid price

2.3 List of minimum quote size, spread class and package assignment

Broadbased or Size	Index ID	EURO STOXX® BB/Size futures ID	STOXX® Europe 600 BB/Size futures ID	Min. quote size (in contracts)	Spread class	Package ID EURO STOXX®	Package ID STOXX® Europe 600
Broadbased	SXXE/P	FXXE	FXXP	100	1	A	B
Large	LCXE/P	FLCE	FLCP	100	1	A	B
Mid	MCXE/P	FMCE	FMCP	100	2	A	B
Small	SCXE/P	FSCE	FSCP	100	3	A	B

3. Revenue sharing[1]

An amount of 0.10 EUR per contract of the total volume generated by TES Block Trades in EURO STOXX®, EURO STOXX® Large, EURO STOXX® Mid and EURO STOXX® Small Index futures is distributed on a quarterly basis to the Designated Market Makers who have met the quote obligations in all four futures (FXXE, FLCE, FMCE, FSCE) of DMM package A during the three month period.

An amount of 0.10 EUR per contract of the total volume generated by TES Block Trades in STOXX® Europe 600, STOXX® Europe Large 200, STOXX® Europe Mid 200 and STOXX® Europe Small 200 Index futures is distributed on a quarterly basis to the Designated Market Makers who have met the quote obligations in all four futures (FXXP, FLCP, FMCP, FSCP) of DMM package B during the three months period.

Distribution: The amount (package A/package B) will be determined as the ratio of the trading volume of one single Market Maker out of the total trading volume of the top four Market Makers on the M-account during the three months period.

[1] The maximum revenue pool distribution amount is limited to/capped at 10 percent of the total net trading fees per respective DMM package (order book & Eurex Trade Entry Services gross trading fees reduced by Market Maker rebates) per quarter.

Please return by e-mail or fax to:

christine.heyde@eurexchange.com
Fax no. +49-69-211- 61 44 61

Designated Market Maker Agreement for Futures on EURO STOXX® and STOXX® Europe 600 Broadbased and Size index futures

dated as of: _____

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

_____ ("Participant")

(Name of Participant/Member ID)

hereby enter into this Designated Market Maker Agreement (the "Agreement") for the period from **1 January until 31 December 2017** under the conditions outlined below with respect to the following products (please either tick for full packages or for individual Futures):

Package	**Please tick (√) the appropriate box**
EURO STOXX® BB/Size futures package (all Futures shown in the next table with package ID "A")	☐
STOXX® Europe 600 BB/Size futures package (all Futures shown in the next table with package ID "B")	☐

Package ID	**Futures on**	**Eurex code**	**Please tick (√) the appropriate box**
A	EURO STOXX® Broadbased	FXXE	☐
	EURO STOXX® Large	FLCE	☐
	EURO STOXX® Mid	FMCE	☐
	EURO STOXX® Small	FSCE	☐
B	STOXX® Europe 600 Broadbased	FXXP	☐
	STOXX® Europe 600 Large	FLCP	☐
	STOXX® Europe 600 Mid	FMCP	☐
	STOXX® Europe 600 Small	FSCP	☐

2. The Participant shall

a) Fulfil the Market-Making Scheme for Futures on EURO STOXX® and STOXX® Europe 600 Broadbased and Size indices 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 authorisation and expertise necessary to make decisions and act as 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 in the electronic order book and 80 percent of all transactions off-book on M-Accounts until 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 per market making package as detailed in the Eurex Market-Making Obligations (**DMM scheme for Broadbased and Size Futures**).

4. EFAG and ECAG shall, upon 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. 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 occurrence of one of the following events, be entitled to terminate this Agreement:

1. A significant change in the Contract Specifications for Futures Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned products.
2. 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. With the signature of the Trading Participant, this Agreement automatically becomes a binding contract, even without counter-signature of 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.