X-pand into the Future

e u r e x *circular 276/12*

Date: 19 December 2012

Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich, all Clearing Members of Eurex Clearing AG and Vendors

Authorized by: Michael Peters

High priority

Dividend Derivatives: Options on EURO STOXX 50® Index Dividend Futures - Extension of Market-Making scheme

Related Eurex Circulars: 082/10, 095/10

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Content may be most important for:

Ü All departments

Attachments:

none

Summary:

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to extend the Permanent Market-Making scheme in options on EURO STOXX 50® Index Dividend Futures.

For the period **between 1 January until 31 December 2013**, Eurex will rebate its Permanent Market Makers who fulfill quote obligations in options on EURO STOXX 50® Index Dividend Futures 50 percent of transaction fees for all contracts concluded on M-accounts.

Dividend Derivatives: Options on EURO STOXX 50® Index Dividend Futures - Extension of Market-Making scheme

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to extend the Permanent Market-Making scheme in options on EURO STOXX 50® Index Dividend Futures. For the period between 1 January until 31 December 2013, Eurex will rebate its Permanent Market Makers who fulfill quote obligations in options on EURO STOXX 50® Index Dividend Futures 50 percent of transaction fees for all contracts concluded on M-accounts.

Options on EURO STOXX 50® Index Dividend Futures have been available for trading at Eurex since May 25, 2010 under product code OEXD (product ISIN: DE000A1DKML1).

Permanent Market-Making (PMM) in options on EURO STOXX 50® Index Dividend Futures

Permanent Market-Making at Eurex consists of continuous quotation of a set of strikes for a predefined set of expirations as well as response to quote requests for all strikes and expirations of a given product.

For options on EURO STOXX 50® Index Dividend Futures, the obligations are as follows:

- **Committed quotation time:** Continuous quotation for an average of 50 percent of the trading period between 09:00 and 17:30 CET (calculated on a monthly average) on each exchange trading day per calendar month for a predefined number of expirations (the maturity range). PMMs will be obliged to quote calls and puts in five strikes out of a strike price window of nine strikes around the current underlying price in every expiration month within the maturity range; i.e. ten series have to be quoted in total for each expiration within the maturity range. Strikes selected for the strike price window are the nine strikes nearest to the respective index dividend future level. Asymmetric quotation is allowed.
- **Response to quote requests:** At present, quote requests do not have to be answered.
- **Response to daily price requests:** PMMs must answer price requests submitted by Eurex Market Supervision (maximum of two requests per day) within 30 minutes. The information is used by Eurex for its calculations and is not intended to be published in its original form.
- **Fast Market:** In Fast Market (definition and announcement by the Exchange), maximum spreads will be increased by 100 percent and the minimum quote size will be reduced by 50 percent.
- **Minimum quote size:** The minimum quote size for continuous quotation and response to quote requests within the Permanent Market-Making scheme is identical.

Permanent Market-Making - Maximum spread

Number of expiration months	Bid range (index points)	Maximum spread (index points)
4	0 – 3.99	0.80
	4.00 – 19.99	20 %
	> 20.00	4.00

Permanent Market-Making - Minimum quote size

Minimum size (contracts)	Minimum size (contracts) Fast Market
100	50

Eurex reserves the right to reassess the Market-Making scheme on a regular basis.

- **Market Maker fees**: The standard fee per contract for options on EURO STOXX 50® Index Dividend Futures is EUR 1.20 (see Price List). Upon fulfillment of the PMM quote obligations, the following rebate will be granted for OTC-Block trades and for trades concluded in the electronic order book on M-accounts in options on EURO STOXX 50® Index Dividend Futures:
  - for the period from 1 January to 31 December 2013: 50 percent of transaction fees.

The Market Maker Obligations will be available on the Eurex website under the following path:

www.eurexchange.com > Trading > Market model > Market-Making

For direct access to the document click on the following link:

http://www.eurexchange.com/exchange-en/trading/market-model/market-making/

Eurex participants who wish to participate in this scheme are not required to apply specifically. Compliance with the scheme will be monitored automatically. However, we would like to ask interested participants to contact Christine Heyde at tel. +49-69-211-1 56 98 or e-mail: christine.heyde@eurexchange.com.

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