X-pand into the Future

eurex circular 277/12

Date: 19 December 2012
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

⚠ **High priority**

Futures on EURO STOXX® and STOXX® Europe 600 Broadbased, Size and Sector Indexes: Extension of Designated Market-Making schemes

Related Eurex Circular: 287/11

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Content may be most important for:

➲ All departments

Attachments:

1. DMM Scheme for Broadbased and Size Index Futures – Quote Obligations
2. Application for the Status of Designated Market Maker in Futures on Broadbased and Size Indexes
3. DMM Scheme for Sector Index Futures – Quote Obligations
4. Application for the Status of Designated Market Maker in Futures on Sector Indexes

Summary:

In order to further promote trading activities, the Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to offer Designated Market-Making schemes in futures on

- EURO STOXX® and STOXX® Europe 600 Broadbased and Size Indexes and
- EURO STOXX® and STOXX® Europe 600 Sector Indexes

in the next year as well. The schemes will be offered for the period of **1 January to 31 December 2013**.

Futures on EURO STOXX® and STOXX® Europe 600 Broadbased, Size and Sector Indexes: Extension of Designated Market-Making schemes

In order to further promote trading activities in futures on the indexes listed below, the Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to offer a Designated Market-Making scheme (DMM) in the following products also for the period from 1 January to 31 December 2013:

- Futures on EURO STOXX® Broadbased and Size Indexes (FXXE, FLCE, FMCE, FSCE)
- Futures on STOXX® Europe 600 Broadbased and Size Indexes (FXXP, FLCP, FMCP, FSCP)
- Futures on EURO STOXX® Sector Indexes
- Futures on STOXX® Europe 600 Sector Indexes

As Designated Market Makers, Eurex participants supply bid and ask prices (quotes) for a determined minimum number of contracts during a fixed period of time in compliance with maximum spreads.

If the Market Maker fulfils his obligations, Eurex will in return reimburse 100 percent of transaction and clearing fees for transactions in futures on EURO STOXX® and STOXX® Europe 600 Broadbased and Size Indexes concluded on M-accounts by Designated Market Makers and 75 percent (order book) or 50 percent (OTC), respectively, of trading and clearing fees for transactions of futures on EURO STOXX® and STOXX® Europe 600 Sector Indexes concluded on M-accounts by Designated Market Makers. In addition, revenue sharing will be offered for trading of futures on EURO STOXX® and STOXX® Europe 600 Broadbased, Size and Sector Indexes.

Details and the exact parameters of the Designated Market-Making schemes in these EURO STOXX® and STOXX® Europe 600 Broadbased, Size and Sector Index Futures can be found in attachments 1 and 3.

Existing Designated Market Maker licences will be extended automatically. New interested participants are requested to fill in the attached Designated Market Maker Application (attachment 2 or 4) and return it to Christine Heyde, Eurex, at fax number +49-69-211-61 56 98.

19 December 2012

Quote Obligations

Designated Market-Making (DMM) scheme for Broadbased and Size Index Futures

Minimum size: 75 contracts on the bid and ask side (as outlined below).

Maximum spread: 0.4 percent, 0.6 percent or 0.8 percent of the bid price (as outlined below).

Product	Underlying Index	Broadbased/Size Future	Minimum Size	Maximum Spread	DMM Package
EURO STOXX® Futures	SXXE	FXXE	75	0.4%	A
EURO STOXX® Large Futures	LCXE	FLCE	75	0.4%	A
EURO STOXX® Mid Futures	MCXE	FMCE	75	0.6%	A
EURO STOXX® Small Futures	SCXE	FSCE	75	0.8%	A
STOXX® Europe 600 Futures	SXXP	FXXP	75	0.4%	B
STOXX® Europe 200 Large Futures	LCXP	FLCP	75	0.4%	B
STOXX® Europe 200 Mid Futures	MCXP	FMCP	75	0.6%	B
STOXX® Europe 200 Small Futures	SCXP	FSCP	75	0.8%	B

Spread and size classification will be reviewed on a quarterly basis.

Quotation period: **70 percent** of the daily trading period between 09:00 and 17:30 (CET) on a monthly average. Market Makers will be obliged to supply bid and ask quotes only in the front month contracts 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.

Fee rebates and revenue sharing

DMM fees: **1 January to 31 December 2013**. Total refund of transaction and clearing fees for contracts traded on M-accounts (order book and OTC) on a monthly basis.

Revenue sharing: **EUR 0.10** per contract of the total volume generated by OTC 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.

EUR 0.10 per contract of the total volume generated by OTC Block Trades in STOXX® Europe 600, STOXX® Europe Large 200, STOXX® Europe Mid 200 and STOXX® Europe Small 200 Index futures (with a contract multiplier of EUR 50 per index point) 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.

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.

Application form - Designated Market-Making Scheme

To Eurex
Product Development
Christine Heyde

D-60485 Frankfurt/Main

Fax no. +49-69-211-1 44 61

Application for the status of Designated Market Maker in Futures on EURO STOXX® and STOXX® Europe 600 Broadbased / Size Indexes

1. We _____
(name of Member)

herewith apply for the status of Designated Market Maker in the following contract(s)

Product	Eurex Code	Please tick (✓) the appropriate box
EURO STOXX® Futures	FXXE	☐
EURO STOXX® Large Futures	FLCE	☐
EURO STOXX® Mid Futures	FMCE	☐
EURO STOXX® Small Futures	FSCE	☐
STOXX® Europe 600 Futures	FXXP	☐
STOXX® Europe 200 Large Futures	FLCP	☐
STOXX® Europe 200 Mid Futures	FMCP	☐
STOXX® Europe 200 Small Futures	FSCP	☐

for the period from **1 January until 31 December 2013** in accordance with the terms and conditions stated in the "Quote Obligations" (Attachment 1).

2. As a Designated Market Maker

a) we will provide bid and ask quotes on both sides of the market

- of the minimum number of contracts specified in the quote obligations
- in compliance with the Maximum Spreads (see Quote Obligations); and

- for the period of time specified in the Quote Obligations (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract and in response to quote requests)

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) mention the name of the Eurex Member with the Designated Market Maker status in advertising and informative material in connection with the contracts;

b) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding the Broadbased and Size Index Futures;

c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on M-accounts up to **31 December 2013**. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if Broadbased and Size Index Futures are traded on A- or P-accounts or if the Quote Obligations are not fulfilled; and

d) distribute **EUR 0.10** per contract on a monthly basis of the total volume generated by OTC Block Trades in EURO STOXX® and/or STOXX® Europe 600 Broadbased / Size Indexes futures as outlined in the “Quote Obligations”.

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 and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. 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 Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich 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. Since the number of Designated Market Makers for Broadbased and Size Index Futures is limited, we grant Eurex the right to make the final selection of Designated Market Makers from the pool of applicants.

8. Other than the aforementioned measures, no special status at Eurex shall be accorded to participants in conjunction with the Designated Market Maker status, which will expire on **31 December 2013**. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The associated “Quote Obligations” (Attachment 2) 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 company) E-mail address

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

Designated Market-Making (DMM) Scheme for Sector Index Futures – Quote Obligations

Minimum size: **50, 75 or 125** contracts on the bid and ask side

Maximum spread: **0.5 percent or 0.6 percent of bid price** (as outlined below)

No.	Prod ID	Sector Index Future on	Index ID	Min. Quote Size in Contracts	Max. Spread (in %)
1	FESA	ESTXX AUTOM.& P.	SXAE	75	0.5
2	FESB	ESTXX BANKS	SX7E	125	0.5
3	FESS	ESTXX BASIC RESOURC.	SXPE	75	0.6
4	FESC	ESTXX CHEMICALS	SX4E	50	0.5
5	FESN	ESTXX CONSTR.&MATER.	SXOE	75	0.6
6	FESF	ESTXX FIN.SERV.	SXFE	50	0.6
7	FESO	ESTXX FOOD/BEVERAGE	SX3E	75	0.5
8	FESH	ESTXX HEALTH C.	SXDE	50	0.5
9	FESG	ESTXX INDUSTRIAL G&S	SXNE	75	0.5
10	FESI	ESTXX INSURANCE	SXIE	75	0.5
11	FESM	ESTXX MEDIA	SXME	75	0.6
12	FESE	ESTXX OIL & GAS	SXEE	75	0.5
13	FESZ	ESTXX PERS. & HOUSH.	SXQE	75	0.5
14	FESL	ESTXX REAL EST.	SX86E	50	0.6
15	FESR	ESTXX RETAIL INDEX	SXRE	75	0.5
16	FESY	ESTXX TECHNOL.	SX8E	75	0.6
17	FEST	ESTXX TELECOMM.	SXKE	75	0.5
18	FESV	ESTXX TRAVEL & LEIS.	SXTE	75	0.6
19	FESU	ESTXX UTILITIES	SX6E	75	0.5

Prod ID	Sector Index Future on	Index ID	Min. Quote Size in Contracts	Max. Spread (in %)
FSTA	STOXX 600 AUTOMOBILE	SXAP	75	0.5
FSTB	STOXX 600 BANKS	SX7P	125	0.5
FSTS	STOXX 600 BASIC RES.	SXPP	50	0.5
FSTC	STOXX 600 CHEMICALS	SX4P	50	0.5
FSTN	STOXX 600 CONSTR & M	SXOP	75	0.5
FSTF	STOXX 600 FIN SERV	SXFP	75	0.5
FSTO	STOXX 600 FOOD&BEVE.	SX3P	75	0.5
FSTH	STOXX 600 HEALTH CA.	SXDP	75	0.5
FSTG	STOXX 600 INDUS G&S	SXNP	75	0.5
FSTI	STOXX 600 INSURANCE	SXIP	75	0.5
FSTM	STOXX 600 MEDIA	SXMP	75	0.6
FSTE	STOXX 600 OIL & GAS	SXEP	75	0.5
FSTZ	STOXX 600 P&H GOODS	SXQP	50	0.5
FSTL	STOXX 600 REAL EST.	SX86P	50	0.6
FSTR	STOXX 600 RETAIL	SXRP	75	0.5
FSTY	STOXX 600 TECHNOLOGY	SX8P	75	0.6
FSTT	STOXX 600 TELECOMM.	SXKP	75	0.5
FSTV	STOXX 600 TRAV. & L.	SXTP	75	0.6
FSTU	STOXX 600 UTILITIES	SX6P	75	0.5

The spread and size classification will be reviewed on a quarterly basis.

Required coverage: **80 percent** of the daily trading period between 09:00 and 17:30 (CET) on a monthly average. Market Makers will be obliged to supply bid and ask quotes only in the front month contracts 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.

DMM fees: **1 January up to 31 December 2013**. 75 percent/50 percent refund of transaction and clearing fees for contracts traded on M-accounts in the order book/OTC on a monthly basis.

Revenue sharing[1]**:** **EUR 0.08** per contract of the total volume generated by OTC Block Trades in sector index futures is distributed on a quarterly basis to the leading four Designated Market Makers. Eurex will evaluate on a monthly basis which Market Makers have complied with the obligations of the Designated Market Maker Scheme for at least 23 Sector Index Futures. Based on the respective amount of traded contracts on M- or P-accounts in the order book, these four most active Market Makers (provided that the quote obligations of 23 products/month have been fulfilled) will be determined by the end of each quarter to participate in the revenue sharing scheme. Distribution: The amount 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.

[1] The maximum revenue pool distribution amount is limited to/capped at EUR 250.000 per quarter.

Application Form – Designated Market-Making Scheme

To Eurex
Product Development
Christine Heyde

Fax no. +49-69-211-61 56 98

Application for the Status of Designated Market Maker in Futures on Sector Indexes

1. We _____
(name of Member)

hereby apply for the status of Designated Market Maker in the following contract(s)

Product	Eurex code	Please tick (✓) the appropriate box
EURO STOXX® Automobiles & Parts Futures	FESA	☐
EURO STOXX® Banks Futures	FESB	☐
EURO STOXX® Chemicals Futures	FESC	☐
EURO STOXX® Oil & Gas Futures	FESE	☐
EURO STOXX® Financial Services Futures	FESF	☐
EURO STOXX® Industrial Goods and Services Futures	FESG	☐
EURO STOXX® Healthcare Futures	FESH	☐
EURO STOXX® Insurance Futures	FESI	☐
EURO STOXX® Media Futures	FESM	☐
EURO STOXX® Construction and Materials Futures	FESN	☐
EURO STOXX® Food and Beverage Futures	FESO	☐
EURO STOXX® Retail Futures	FESR	☐
EURO STOXX® Basic Resources Futures	FESS	☐
EURO STOXX® Telecommunications Futures	FEST	☐
EURO STOXX® Utilities Futures	FESU	☐
EURO STOXX® Travel & Leisure Futures	FESV	☐

Product	Eurex code	Please tick (✓) the appropriate box
EURO STOXX® Technology Futures	FESY	☐
EURO STOXX® Personal & Household Goods Futures	FESZ	☐
EURO STOXX® Real Estate Futures	FESL	☐
STOXX® Europe 600 Automobiles & Parts Futures	FSTA	☐
STOXX® Europe 600 Banks Futures	FSTB	☐
STOXX® Europe 600 Chemicals Futures	FSTC	☐
STOXX® Europe 600 Oil & Gas Futures	FSTE	☐
STOXX® Europe 600 Financial Services Futures	FSTF	☐
STOXX® Europe 600 Industrial Goods & Services Futures	FSTG	☐
STOXX® Europe 600 Healthcare Futures	FSTH	☐
STOXX® Europe 600 Insurance Futures	FSTI	☐
STOXX® Europe 600 Media Futures	FSTM	☐
STOXX® Europe 600 Construction & Materials Futures	FSTN	☐
STOXX® Europe 600 Food & Beverage Futures	FSTO	☐
STOXX® Europe 600 Retail Futures	FSTR	☐
STOXX® Europe 600 Basic Resources Futures	FSTS	☐
STOXX® Europe 600 Telecommunications Futures	FSTT	☐
STOXX® Europe 600 Utilities Futures	FSTU	☐
STOXX® Europe 600 Travel & Leisure Futures	FSTV	☐
STOXX® Technology Futures	FSTY	☐
STOXX® Europe 600 Personal & Household Goods Futures	FSTZ	☐
STOXX® Europe 600 Real Estate Futures	FSTL	☐

for the period from 1 **January to 31 December 2013** in accordance with the terms and conditions stated in the "Quote Obligations" (Attachment 3).

2. As a Designated Market Maker

   a) we will provide bid and ask quotes on both sides of the market

   - of the minimum number of contracts specified in the quote obligations;
   - in compliance with the Maximum Spreads (see Quote Obligations); and

- for the period of time specified in the “Quote Obligations” (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract and in response to quote requests);

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

b) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding the Sector Index Futures;

c) refund 75 percent of all trading and clearing fees for the contracts traded by the Designated Market Makers on M-accounts in the order book and refund of 50 percent of all transaction and clearing fees for the contracts traded OTC by Designated Market Makers on M-accounts up to **31 December 2013**. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if Sector Index Futures are traded on A- or P-accounts or if the “Quote Obligations” are not fulfilled; and

d) distribute **EUR 0.08** per contract on a monthly pro-rata basis of the total volume generated by OTC Block Trades in sector index futures[1].

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 and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. 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 Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich 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 condition(s), the Designated

[1] The maximum revenue pool distribution amount is limited to/capped at EUR 250.000 per quarter.

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. Since the number of Designated Market Makers for the Sector Index Futures is limited, we grant Eurex the right to make the final selection of Designated Market Makers from the applicants.

8. 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 **31 December 2013**. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The associated Quote Obligations (Attachment 1) 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 company)	E-mail address

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