X-pand into the Future

# eurex circular 101/16

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**Recipients:** All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
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## Options on EURO STOXX® and STOXX® Europe 600 Sector Indexes: Extension and adjustment of the current Market-Making scheme

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| **Content may be most important for:** | **Attachments:** |
|---|---|
| ➲ All departments | none |

**Summary:**

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided with respect to options on EURO STOXX® and STOXX® Europe 600 Sector Indexes the following with effect from **1 November 2016**:

1. Adjustment of the Permanent Market Maker (PMM) and Advanced Market Maker (AMM) obligations.

2. Extension and adjustment of the current revenue sharing scheme **until 31 December 2017**.

This circular contains the complete information regarding extension and adjustment of the current Market-Making scheme.

# Options on EURO STOXX® and STOXX® Europe 600 Sector Indexes: Extension and adjustment of the current Market-Making scheme

## 1. Overview

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided with respect to options on EURO STOXX® and STOXX® Europe 600 Sector Indexes the following with effect from 1 November 2016:

- Requirements of the current Market-Making scheme (Permanent and Advanced Market-Making) for options on EURO STOXX® and STOXX® Europe 600 Sector Indexes will be adjusted (tighter spreads, consolidation of the three AMM packages STXS1, STXS2 and STXS3).
- The current revenue sharing for options on EURO STOXX® Banks Index (OESB) will be reduced from max. 20 percent to 10 percent and for the remaining options on EURO STOXX® and STOXX® Europe 600 Sector Indexes from max. 20 percent to 15 percent. The adjusted scheme will be extended until 31 December 2017.

## 2. Market-Making

Provided Market Makers fulfil the quoting requirements, they will be granted the following refunds on transaction fees for transactions executed on the M-account:

- Provided the published Permanent Market Maker (PMM) obligations are fulfilled, refunds on transaction fees of 55 percent in the products mentioned under 1. above for order book transactions and 40 percent on transaction fees for entries via the Eurex Trade Entry Services (TES) on the M-account will be granted.
- Provided the published Advanced Market Maker (AMM) obligations for AMM package STXSO are fulfilled, refunds on transaction fees of 80 percent for order book transactions and 60 percent on transaction fees for TES entries on the M-account will be granted.

## 3. Quote obligations

The adjusted Market Maker Obligations at Eurex are available on the Eurex website www.eurexchange.com under the following link:

**Trading > Market-Making Options > Market Maker obligations**

Below is an excerpt from the Market Maker obligations for options on EURO STOXX® and STOXX® Europe 600 Sector Indexes valid as of 1 November 2016:

- **Minimum quote size**

50 contracts or 10 contracts. The same minimum quote sizes apply for PMM and AMM.

- **Maximum spread**

| Bid Price up to | Maximum Spread | Spread Class |
|---|---|---|
| **5.3** | 0.8 points | 3 |
| **5.4 – 53.3** | 15 % from Bid Price | |
| **> 53.3** | 8 points | |

The same Maximum spreads apply for PMM and AMM.

- **Quotation time**

85 percent of the trading hours from 09:00 to 17:30 CET on a monthly average basis for calls and puts in five out of seven strike prices around the current at-the-money strike price. Asymmetric quotation is allowed.

Expirations: The next five expirations (up to nine months) must be quoted.

- **Definition AMM package**

| Package | Package ID | Number of Sector Options in Package | Number of Monthly Exceptions | Sector Options with compulsory Fulfilment |
|---|---|---|---|---|
| **Sector Options** | STXSO | 38 | 23 | OESB, OSTB |

- **Minimum quote size, spread class and Package assignment**

| Supersector | Index ID E's/P's | EURO STOXX Sector Option ID | STOXX Europe 600 Sector Option ID | Min. Quote Size (Contracts) | | Spread Class | AMM-Package ID |
|---|---|---|---|---|---|---|---|
| | | | | E's | P's | | |
| **1.** Banks | SX7E/P | OESB | OSTB | 50 | 50 | 3 | STXSO |
| **2.** Automobile & Parts | SXAE/P | OESA | OSTA | 50 | 50 | 3 | STXSO |
| **3.** Basic Resources | SXPE/P | OESS | OSTS | 10 | 50 | 3 | STXSO |
| **4.** Chemicals | SX4E/P | OESC | OSTC | 10 | 10 | 3 | STXSO |
| **5.** Construction & Materials | SXOE/P | OESN | OSTN | 10 | 10 | 3 | STXSO |
| **6.** Financial Services | SXFE/P | OESF | OSTF | 10 | 10 | 3 | STXSO |
| **7.** Food & Beverage | SX3E/P | OESO | OSTO | 10 | 10 | 3 | STXSO |
| **8.** Health Care | SXDE/P | OESH | OSTH | 50 | 50 | 3 | STXSO |
| **9.** Industrial Goods & Services | SXNE/P | OESG | OSTG | 10 | 10 | 3 | STXSO |
| **10.** Insurance | SXIE/P | OESI | OSTI | 50 | 50 | 3 | STXSO |
| **11.** Media | SXME/P | OESM | OSTM | 10 | 10 | 3 | STXSO |
| **12.** Oil & Gas | SXEE/P | OESE | OSTE | 50 | 50 | 3 | STXSO |
| **13.** Personal & Household Goods | SXQE/P | OESZ | OSTZ | 10 | 10 | 3 | STXSO |
| **14.** Real Estate | SX86E/P | OESL | OSTL | 10 | 10 | 3 | STXSO |
| **15.** Retail | SXRE/P | OESR | OSTR | 10 | 10 | 3 | STXSO |
| **16.** Technology | SX8E/P | OESY | OSTY | 10 | 10 | 3 | STXSO |
| **17.** Telecommunication | SXKE/P | OEST | OSTT | 50 | 50 | 3 | STXSO |
| **18.** Travel & Leisure | SXTE/P | OESV | OSTV | 10 | 10 | 3 | STXSO |
| **19.** Utilities | SX6E/P | OESU | OSTU | 50 | 50 | 3 | STXSO |

## 4. Revenue sharing

In addition, the current revenue sharing scheme will be adjusted and extended:

From 1 November 2016 to 31 December 2017, max. 10 percent of net revenues (= transaction fees minus rebates) in options contracts on the STOXX® Banks Index (OESB, Supersector 1) and max. 15 percent of net revenues (= transaction fees minus rebates) in options on the remaining EURO STOXX® and STOXX® Europe 600 Sector Indexes (Supersector 1 (OSTB) and Supersectors 2 – 19) will be distributed among the four most active Market Makers on a monthly basis. All Participants are eligible who fulfil the components of the AMM package STXSO (options contracts on the EURO STOXX® and STOXX® Europe 600 Sector Indexes) in the respective calendar month.

If more than four Participants fulfilled the requirements of the AMM package STXSO, the most active Participants will be determined on the basis of the contract volume (M- and P-accounts in the order book) in all options contracts on EURO STOXX® and STOXX® Europe 600 Sector Indexes.

Half of this share in revenue is calculated as the share in trading volume of the respective Market Maker in the overall trading volume of the best four Market Makers. The other half of the share in revenue is distributed as a performance-based component in equal parts to the four fulfilling Market Makers with the highest trading volumes. If less than four Market Makers fulfil, the share in revenue will be distributed according to the same key to the remaining Market Maker/s. The maximum amount per month which is distributed as part of the revenue sharing scheme is limited to EUR 80,000 per Market Maker.

Eurex Participants, who wish to participate in this scheme, do not have to hand in any application. Fulfilment is monitored electronically.

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