X-pand into the Future

eurex circular 035/17

Date: 12 April 2017
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

Equity index derivatives:
Extension of maturities of EURO STOXX 50® index options

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

Content may be most important for:

➲ All departments

Attachments:

1. Amended sections of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Excerpt from the Market-Making obligations for EURO STOXX 50® options

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG took the following decisions:

- Effective **8 May 2017**, additional maturities for EURO STOXX 50® index options will be introduced.
- Effective **1 June 2017**, the already existing Market-making scheme for EURO STOXX 50® index options will be amended.

This circular contains all information regarding the amendments of the existing market-making scheme and the updated sections of the relevant Rules and Regulations of Eurex Deutschland and Eurex Zürich AG.

Eurex Deutschland
Börsenplatz 4
60313 Frankfurt/Main
Mailing address:
60485 Frankfurt/Main
Germany

Internet:
www.eurexchange.com

Management Board:
Thomas Book,
Mehtap Dinc, Erik Tim Müller,
Michael Peters, Randolf Roth

ARBN: 101 013 361

Equity index derivatives:
Extension of maturities of EURO STOXX 50® index options

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG took the following decisions:

- Effective 8 May 2017, additional maturities for EURO STOXX 50® index options will be introduced.
- Effective 1 June 2017, the already existing Market-making scheme for EURO STOXX 50® index options will be amended.

This circular contains all information regarding the amendments of the existing market-making scheme and the updated sections of the relevant Rules and Regulations of Eurex Deutschland and Eurex Zürich AG.

1. Contract Term Extension

With the extension of maturities for EURO STOXX 50® index options in the Contract Term group "12 month", maturities up to and including the next, the second succeeding, the third succeeding, the fourth succeeding, the fifth succeeding and the sixth succeeding expiration day as well as up to and including the next two succeeding quarterly expiration days (March, June, September, December) are available.

2. Simulation

The EURO STOXX 50® index options with the extended maturities will be available for testing in the Eurex simulation environment as of 26. April 2017.

3. Market Making

Effective 1 June 2017, the quotation obligations for Market Maker in EURO STOXX 50® index options at Eurex will be changed. The number of maturities, which need to be quoted in both market-making schemes, Advanced Market-Making (AMM) and Permanent Market-Making (PMM), will be extended to ten (10). Trading Participants participating in the market-making scheme are kindly asked to adapt their system settings accordingly. It is highly recommended to check the market-making performance after the effective date, using the Eurex Reports.

The adaptations will be published in an Excel file on the Eurex website www.eurexchange.com under the following link:

Trading > Market-Making options > Market Maker obligations

12 April 2017

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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1.5 Subpart: Contract Specifications for Volatility Futures Contracts

The following sub-part contains contract specifications for Futures Contracts on Volatility Indices ("Volatility Index Futures Contracts").

1.5.1 Subject Matter of Contract

(1) A volatility index futures contract shall refer to a futures contract on a specific volatility index.

(2) The following Futures Contracts on volatility indices are available for trading at the Eurex Exchanges; the institutions mentioned in brackets, being owners of the respective index, are responsible for the calculation:

- VSTOXX® Futures Contracts (product ID: FVS) referring to the VSTOXX® Index (STOXX Limited)

(3) The value of a Futures contract shall be:

- EUR 100 per index point for VSTOXX® Futures contracts (product ID: FVS)

(4) If any changes are made in the calculation of an index such that the concept of the index appears to be no longer comparable with the concept that applied when the volatility index futures contract was admitted to trading, the Management Boards of the Eurex Exchanges may order the termination of trading in such contracts as of the last trading day prior to the change in the respective index. Open positions shall be settled in cash upon the termination of trading. The respective final settlement price shall be used (Chapter II Part 2 Number 2.6.2~~3~~ of the Clearing Conditions of Eurex Clearing AG).

1.5.2 Obligation of fulfilment

After the close of trading, the seller of a Volatility Index Futures Contract shall pay in cash any difference between the agreed price and the higher final settlement price (Chapter II Part 2 Number 2.6.2~~3~~. of the Clearing Conditions of Eurex Clearing AG).

The purchaser shall pay in cash any difference between the agreed price and the lower final settlement price.

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1.9 Subpart: Contract Specifications for Precious Metal Futures Contracts

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1.9.3 Term

For Precious Metal Futures Contracts, terms until the final settlement day (Number 1.9.4 Paragraph 1 and 2) of the next three successive months and the successive quarterly months (March, June, September, December) up to a maximum term of 36 months are available at the Eurex Exchanges.

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1.10 Subpart: Contract Specifications for Property Index Futures Contracts

The following subpart contains contract specifications for futures contracts on commercial property return indices hereinafter referred to as “Property Index Futures Contracts”.

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1.10.3 Term

For Property Index Futures Contracts, several terms expiring on the final settlement day (subsection 1.10.4 Paragraph 1 and 2), each in February (for Property-Index-Futures-contracts that have their last trading trading day in February) or March (for Property-Index-Futures-contracts that have their last trading trading day in March) for the following five calendar years, are available for trading at the Eurex Exchanges.

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1.11 Subpart: Contract Specifications for Commodity Index Futures Contracts

The following subpart contains the contract specifications for Futures contracts on commodity indices (“Commodity Index Futures Contracts“).

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1.11.4 Last Trading Day, Final Settlement Day

(1) The last trading day of Commodity Index Futures contracts shall respectively be the last trading day preceding the final settlement day.

(2) The final settlement day of Commodity Index Futures contracts shall be the last Friday of the respective month, provided this is an exchange day, otherwise, it shall be the exchange day preceding this day.

(3) Starting with the expiry in July 2015 the following rule applies:

(~~1~~a) The last trading day of Commodity Index Futures contracts shall be the third Friday of the respective month, provided this is an exchange day, otherwise, it shall be the exchange day preceding this day.

(~~2~~b) The final settlement day of Commodity Index Futures contracts shall be five ~~Eurex~~ trading days after the last trading day, as long as this day is still within the same calendar month. If not, the final settlement day is the last ~~Eurex~~ trading day in the calendar month, in which the contract expires.

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1.15 Subpart: Contract Specifications for Eurex Daily Futures Contracts on KOSPI 200 Derivatives of the Korea Exchange (KRX)

The following subpart contains the contract specifications for Daily Futures Contracts on the respective futures and options admitted to trading on the Korea Exchange Inc. ("KRX") on the Index "KOSPI 200" of KRX ("Eurex Daily Futures Contracts on KOSPI 200 Derivatives").

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1.15.2 Obligation for Fulfillment

(1) After the close of trading on the exchange day on which a Eurex Daily Futures Contract on KOSPI Derivatives has been concluded, the seller of such contract is obliged to settle in cash the difference between the agreed price and a higher final settlement price (Chapter II Part 2 Number 2.1~~7~~6.2~~3~~ of the Clearing Conditions ~~for~~of Eurex Clearing AG). The buyer is obliged to settle in cash the difference between the agreed price and a lower final settlement price.

(2) The seller of a Eurex Daily Futures Contract on KOSPI Derivatives (Short Position) is obliged, in favour of the buyer of such Futures contract, to open a Short Position of a Mini KOSPI 200 Futures Contract or KOSPI 200 Options Contract of KRX in the respective Mini KOSPI 200 Futures Contract or in the respective KOSPI 200 Options contract of KRX on the next exchange day following the conclusion of a Eurex Daily Futures Contract on KOSPI Derivatives

on the Eurex Exchanges, at the latest, however, 40 minutes prior to the opening of exchange trading of KRX on that exchange day (Chapter II Part 2 Number 2.1~~7~~6.3, Paragraph 3 of the Clearing Conditions ~~for~~ of Eurex Clearing AG). The buyer of a Eurex Daily Futures Contract on KOSPI (Long Position) is obliged to enter into a Long Position with regard to a Mini KOSPI 200 Futures Contract or a KOSPI 200 Options contract on KRX according to Clause 1.

The buyer of a Eurex Daily Futures Contract on KOSPI Derivatives (Long Position) is obliged, in favour of the seller of such Futures contract, to open a Long Position of a Mini KOSPI 200 Futures Contract or KOSPI 200 Options Contract of KRX in the respective Mini KOSPI 200 Futures Contract or the respective KOSPI 200 Options Contract of KRX on the next exchange day following the conclusion of a Eurex Daily Futures Contract on KOSPI Derivatives on the Eurex Exchanges, at the latest, however, 40 minutes prior to the opening of exchange trading of KRX on that exchange day (Chapter II Part 2 Number 2.16~~7~~.3, Paragraph 3 of the Clearing Conditions of~~for~~ Eurex Clearing AG). The seller of a Eurex Daily Futures Contract on KOSPI Derivatives (Short Position) is obliged to enter into a Short Position with regard to a Mini KOSPI 200 Futures Contract or a KOSPI 200 Options Contract on KRX according to Clause 3.

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1.15.7 Fulfilment, Position Opening

(1) The fulfilment day for Eurex Daily Futures Contracts on KOSPI Derivatives open at the end of the final settlement day shall be the business day of KRX following the respective final settlement day.

(2) The fulfilment of the Eurex Daily Futures Contracts on KOSPI Derivatives shall be effected (Chapter II Part 2 Number 2.1~~7~~6.3 of the Clearing Conditions for Eurex Clearing AG):

- through cash settlement between the Clearing Members of the Eurex Exchanges after the trading day on which the respective Eurex Daily Futures Contract on KOSPI Derivatives has been concluded, on the fulfilment day according to Paragraph 1. The cash settlement for Non-Clearing Members and Clearing Members' own customers shall be effected by the responsible Clearing Member; the cash settlement of Non-Clearing Members to their customers shall then be effected by the Non-Clearing Members and
- by opening of the respective position in the corresponding series of the KOSPI 200 Derivatives on the next exchange day of KRX following the conclusion of a Eurex Daily Futures Contract on KOSPI Derivatives, at the latest, however, 40 minutes before opening of exchange trading on KRX via entry into the KRX system in favour of the respective counterparties of the options contracts.

1.16 Subpart: Contract Specifications for Futures-Contracts on Xetra-Gold®

The following subpart contains contract specifications for Future Contracts on Xetra-Gold®-Bonds („Xetra-Gold®-Future")

1.16.1 Subject Matter of the Contract

A Xetra-Gold®-Future is a Futures Contract on the Xetra-Gold®-Bond. Xetra-Gold® is a no-par bond issued by Deutsche Börse Commodities GmbH which entitles the bearer to claim delivery of 1 gram of Gold.

1.16.2 Obligation for Performance

After close of trading on the last trading day of a Xetra-Gold®-Futures Contract, the seller of such Futures Contract shall deliver one thousand of the respective underlying bonds on the final settlement day (~~n~~Number 1.1~~7~~6.6). The buyer shall pay the final settlement price (Chapter II Part 2 ~~n~~Number 2.1~~8~~7.2 of the Clearing Conditions ~~for~~of Eurex Clearing AG).

1.16.3 Term

For Xetra-Gold®-Futures Contracts, terms are available on the Eurex Exchanges until the final settlement day (N~~n~~umber 1.16~~7~~.4 P~~p~~aragraph 2) of the next three consecutive months and the succeeding quarterly month (March, June, September, December) up to an maximum term of 36 month.

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1.20 Subpart: Contract Specifications for Futures Contracts on Interest Rate Swaps

The following subpart contains contract specifications for Futures Contracts on interest rate swaps ("Interest Rate Swap Futures Contracts").

1.20.1 Subject Matter of Contract

An Interest Rate Swap Futures Contract is a Futures Contract on interest rate swaps denominated in Euros with various terms (2, 5, 10 or 30 years) and fixed rate arrangements.

The nominal value of an Interest Rate Swap Futures Contract amounts to 100,000 Euros.

The conditions of the underlying interest rate swap which each Interest Rate Swap Futures Contract is based upon correspond to the conditions of an OTC Interest Rate Derivative Transaction pursuant to Chapter VIII Part 3 Paragraph 3.3.1 in conjunction with Paragraph 3.3.2 (ISDA Fixed Rate-Floating Rate Swaps) of the Clearing

Conditions for Eurex Clearing AG with the following product-related provisions (for the avoidance of doubt: the following details refer to one (1) interest rate swap per Interest Rate Swap Futures Contract):

1. General Provisions:	
(a) Notional amount or "calculation period amount":	The nominal value of an Interest Rate Swap Futures Contract.
(b) Trade date:	The delivery day (as defined in Number 1.20~~18~~.6 Paragraph 1) of the respective Interest Rate Swap Futures Contract.
[…]	
4. Floating Amounts:	
(a) Payer of the floating amounts:	The purchaser of the Interest Rate Swap Futures Contract.
(b) Maturity dates for floating amounts (subject to adjustment pursuant to the applicable business day convention):	Semi-annually from (but exclusive of) the effective date up to and inclusive of the end date of the Interest Rate Swap futures Contract.
(c~~d~~) Floating rate option:	EUR-EURIBOR Reuters.
(d~~e~~) Designated maturity:	6 months.
(e~~f~~) Spread:	Not applicable.
(~~g~~f) Day count fraction for floatable amounts:	Actual/360.
(~~h~~g) Reset dates:	The first day of the respective calculation period.

If it appears sensible for market development or any other reasons, the Eurex Exchanges may at any time introduce one or several further Interest Rate Swap Futures Contract(s), for which a different fixed interest rate will be determined but which, apart from such fixed rate, will correspond to the already tradeable Interest Rate Swap Futures Contracts.

1.20.2 Obligation for Performance

After close of trading for the respective Interest Rate Swap Futures Contract purchaser and seller of an Interest Rate Swap Futures Contract are under the obligation to

conclude with each other on delivery day (Number 1.~~18~~20.6 Paragraph 1) an interest rate swap as defined in Number 1.~~18~~20 Paragraph 1 (the "Delivery").

1.20.3 Term

For Interest Rate Swap Futures Contracts, terms are available at Eurex Exchanges up to the delivery day (Number 1.20~~18~~.6 Paragraph 1) of the following, second or third succeeding delivery month. Delivery months are the quarterly months March, June, September and December.

1.20.4 Last Trading Day, Close of Trading

The last trading day for Interest Rate Swap Futures Contracts shall be the trading day directly prodating the respective delivery day (Number 1.~~18~~20.6).

Close of trading for the Interest Rate Swap Futures Contract shall be the last trading day at 12:15 hours CET.

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2.3 Subpart: Contract Specifications for Options Contracts on Fixed Income Futures Contracts

The following subpart contains contract specifications for Options Contracts on Fixed Income Futures Contracts.

2.3.1 Subject Matter of Contract

Options Contracts on Euro-Fixed Income Futures shall refer to a Euro-Schatz Futures Contract, Euro Bobl Futures Contract. Euro Bund Futures Contract or a Euro-OAT Futures pursuant to ~~s~~Subsection 1.2.3 of the relevant existing Euro Fixed Income Futures delivery months with specific terms („Euro Fixed Income Option").

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2.3.4 Option Premiums

The premium payment is not made through a one-time payment after the purchase of the option; instead it is part of the daily settlement process during the duration of the option position based on a mark-to-market valuation of the position on each exchange day. The valuation is made on the day on which the transaction is entered into on the basis of the difference between the option price and the daily settlement price (Chapter II~~,~~ Part 3 ~~n~~Number 3.3.3 of the Clearing Conditions for Eurex Clearing AG), and thereafter on the basis of the difference between the daily settlement prices of the current exchange day and the preceding exchange day. The daily settlement may also result in an interim debit of the writer.

Upon exercise and assignment of the option, as well as upon its expiration, a final premium payment shall be made in an amount equivalent to the daily settlement price of the options contract on the exercise day or the expiration day, as the case may be.

2.3.5 Term

Options are available at the Eurex Exchanges for the following terms:

- 5 weeks: the next five weeks for the first, second, third, fourth and fifth week of the following expiry month with a weekly options expiry. To the extent the underlying future of the weekly option of the following expiry month is not yet available for trading, the relevant weekly option shall be introduced at a later date. On expiry days with an expiry of the standard monthly options series, no weekly option will be available. According to Number 2.3.6, weekly options with a last trading day between Christmas and New Year's Eve are not available for trading.
- 12 months: the next three months and the following month of the cycle March, June, September and December.

The due months of the underlying future and the expiration months of the option are identical in the expiration months March, June, September and December (quarter-end month). In the remaining expiration months, the due month of the underlying future shall be the cyclic quarter-end month following the expiration month of the option.

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2.3.9 Introduction of new Option Series

Option series with new exercise prices shall be introduced for an existing expiration month no later than at the beginning of the Pre-Trading Period of a given exchange day in the event that the minimum number of exercise prices specified in Nnumber 2.3.8 which are in-the-money, at-the-money or out-of-the-money on the basis of the daily settlement price of the underlying Euro-Fixed Income Futures contract (Chapter II Part 2 number 2.31.2 of the Clearing Conditions for of Eurex Clearing AG) is not available any more.

For monthly options expiries, a new option series shall generally not be introduced if it would expire in fewer than ten exchange days, unless market conditions make such introduction necessary. Weekly options expiries have no restriction regarding the introduction of new options series.

[…]

2.3.11 Performance, Opening of Positions

(1) Exercised and assigned options contracts shall be performed through the opening of a long position (for the purchaser of a call) or a short position (for the purchaser of a put), or of a short position (for the writer of a call) or a long position (for the writer of a put), as the case may be, subsequent to the Post

Trading Period of the exercise day; the opening of the applicable position shall occur automatically.

(2) Pursuant to the provisions of P~~p~~aragraph (1), Eurex Clearing AG shall open a position in the relevant futures contract for the Exchange Participant concerned; if the Exchange Participant is not a Clearing Member, ~~subsection~~ Number 2.~~2~~3 P~~p~~aragraph ~~(~~2~~)~~ of the Conditions for Trading at Eurex Deutschland and Eurex Zürich shall apply mutatis mutandis. The Exchange Participant shall have the corresponding obligation to its customers.

(3) The futures position opened is governed by t~~T~~he ~~applicable~~ relevant provisions of ~~subsection~~ Number 1.2 ~~shall govern the futures position opened~~.

2.4 Subpart: Contract Specifications for Index Options

The following subpart contains contract specifications for Options Contracts on stock indices ("Index Options").

2.4.1 Subject Matter of Contract

(1) A stock index option contract shall refer to a specific stock index. The publications by the institutions listed in Number 1.3.1 shall determine the composition, weighting and calculation of the indices listed below.

[…]

2.4.4 Term

Index Options are generally available at the Eurex Exchanges for the following terms:

- 5 weeks: up to and including the next, the second, the third and the fourth succeeding expiration days.
- 12 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December)
- 12 months (with six monthly expiration days): up to and including the next, the second, third, fourth, fifth and sixth succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December)
- 24 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December) and up to the next two succeeding half-year expiration days (June and December) thereafter
- 36 months: up to and including the next, the second next and the third succeeding expiration days and up to and including the next 11 succeeding quarterly expiration days (March, June, September, December)

- 60 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December) as well as up to the next four half-year expiration days (June, December) thereafter and up to the next two succeeding yearly expiration days (December).
- 9 years and 11 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December) as well as up to the next four half-year expiration days (June, December) thereafter and up to the next seven succeeding yearly expiration days (December).

Index Options are currently available at the Eurex Exchanges for the following terms, such terms being determined by the Management Boards of the Eurex Exchanges:

Product	**Term Groups**	
ATX® Options contracts		24 months
ATX® five Options contracts		24 months
CECE® Options contracts		60 months
DAX® Options contracts	5 weeks	60 months
DivDAX® Options contracts		24 months
EURO STOXX 50® ex Financials Index Options contracts		24 months
EURO STOXX 50® Index Options contracts	5 weeks, 12 months (6 monthly expiration days)	9 years 11 months
EURO STOXX® Index		24 months
[…]	[…]	[…]

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Market Making Obligations – Index Option on EURO STOXX 50®

(Changes are marked red)

Table I (PMM)

Index Option on	Product ID	Spread class	Minimum quote size (contracts)		Number of expirations to be quoted for PMM/AMM
			RMM Expirations	PMM/AMM	The first:
EURO STOXX® 50	OESX	10	NA	100	~~8~~ 10

Table III (PMM short)

Equity Index Option on	Product code	Spread class	Minimum quote size (contracts) for PMM short	Number of expirations to be quoted for PMM short The first	Strategy Set
EURO STOXX 50®	OESX	10	400	~~5~~ 7	-

Table IV (PMM long)

Equity Index Option on	Product code	Spread class Expiration months		Minimum quote size (contracts) for PMM long	Number of expirations to be quoted for PMM long
		first ~~8~~ 10	> ~~8~~ 10		
EURO STOXX 50®	OESX	10	11	200	~~5 (from 8th to 12th)~~ (from 10th to 14th)

Strategies and their respective quotation parameters

Strategy name	Strategy symbol	Expiration range		Spread multiplier	Quote size/ multiple of outright
Set 1: Index options					
Set 1a: EURO STOXX 50® Index options (OESX)					
Call Spread	BUL	~~1-5~~	1-7	1	3
Call Spread	BUL	~~6-8~~	8-10	2	3
Put Spread	BER	~~1-5~~	1-7	1	3
Put Spread	BER	~~6-8~~	8-10	2	3
Call Butterfly	CBUT	~~1-8~~	1-10	4	1
Put Butterfly	PBUT	~~1-8~~	1-10	4	1
Call Calendar Spread	BLT	~~1-5~~	1-7	1	1
Call Calendar Spread	BLT	~~1-8~~	1-10	2	1
Put Calendar Spread	BRT	~~1-5~~	1-7	1	1
Put Calendar Spread	BRT	~~1-8~~	1-10	2	1
Straddle	STD	~~1-8~~	1-10	2	1
Straddle Calendar Spread	STDT	~~1-5~~	1-7	1	1
Straddle Calendar Spread	STDT	~~1-8~~	1-10	2	1
Strangle	STG	~~1-8~~	1-10	2	1