X-pand into the Future

e u r e x *rundschreiben 127/14*

Datum: 13. Juni 2014
Empfänger: Alle Handelsteilnehmer der Eurex Deutschland und Eurex Zürich sowie Vendoren
Autorisiert von: Mehtap Dinc

EURIBOR-Futures: Verlängerung des Designated Market-Making-Programms und Einführung eines Spread-Market-Making-Programms

Verweis auf Eurex-Rundschreiben: 003/14

Verweis auf Eurex Clearing-Rundschreiben: 077/14

Kontakt: Joachim Heinz, Eurex Product Development, T +49-69-211-1 59 55,
joachim.heinz@eurexchange.com

Zielgruppe:	**Anhänge:**
Ü Alle Abteilungen	nur in englischer Sprache: 1. Designated Market Maker Application Form 2. Designated Market Maker Quote Obligations and Incentives

Zusammenfassung:

Die Geschäftsführung der Eurex Deutschland und die Geschäftsleitung der Eurex Zürich AG haben beschlossen, das Designated Market-Making-Programm für EURIBOR-Futures (FEU3) bis zum **31. Dezember 2014** zu verlängern und gleichzeitig zu erweitern. Damit soll die Liquidität im Orderbuch sichergestellt und weiter verbessert werden.

Das bestehende Programm, das seit Januar 2014 läuft und mit Eurex-Rundschreiben 003/14 angekündigt wurde, wird somit fortgeführt und zusätzlich um ein Spread-Market-Making-Programm ergänzt, welches vom **1. Juli 2014 bis zum 31. Dezember 2019** läuft.

Wenn Sie Fragen haben, wenden Sie sich bitte an Stuart Heath unter Tel. +44-207 862-72 53, oder E-Mail stuart.heath@eurexchange.com, oder an Joachim Heinz unter Tel. +49-69-211-1 59 55 oder E-Mail joachim.heinz@eurexchange.com.

EURIBOR-Futures: Verlängerung des Designated Market-Making-Programms und Einführung eines Spread-Market-Making-Programms

1. Verlängerung des bestehenden Designated Market-Making-Programms in EURIBOR-Futures (FEU3)

Die Geschäftsführung der Eurex Deutschland und die Geschäftsleitung der Eurex Zürich AG haben beschlossen, das Designated Market-Making-Programm für EURIBOR-Futures bis zum 31. Dezember 2014 zu verlängern. Das bestehende Programm, welches im Januar 2014 mit Eurex-Rundschreiben 003/14 angekündigt wurde, wird damit bis zum Jahresende 2014 fortgeführt. Eurex Exchange bietet Market Makern, welche die Quotierungsverpflichtungen des Designated Market-Making-Programms in den EURIBOR-Futures (Outrights) erfüllen, weiterhin monatliche Fixzahlungen vom 1. Juli 2014 bis zum 31. Dezember 2014 an. Diese sind auf maximal fünf Market Maker pro Paket begrenzt.

Market Maker, die seit Beginn des Jahres 2014 in dem Designated Market-Making-Programm aktiv waren, nehmen automatisch an der Verlängerung des Programms teil. Im Falle mehrerer Bewerber behält sich Eurex Exchange das Recht vor, diese auf Basis ihrer Erfahrungen und Fähigkeiten und im eigenen Ermessen auszuwählen. Für den Fall, dass einer der fünf möglichen Market Maker je Paket seinen Verpflichtungen nicht nachkommt, können andere Market Maker nachrücken.

Wenn ein Designated Market Maker seine Verpflichtungen erfüllt, erhält dieser im Gegenzug eine Rückerstattung von 100 Prozent der Handels- und Clearing-Entgelte für die auf M-Konten abgeschlossenen Kontrakte.

2. Einführung eines Spread-Market-Making in EURIBOR-Futures (FEU3)

Zusätzlich wird ein Spread-Market-Making-Programm für EURIBOR-Futures (Spreads) eingeführt, welches vom 1. Juli 2014 bis zum 31. Dezember 2019 läuft. Es soll die Liquidität im Orderbuch sicherstellen und weiter verbessern.

Market Maker, welche die Quotierungsverpflichtungen in den EURIBOR-Futures (Spreads) erfüllen, haben die Möglichkeit, an einer langfristigen Erlösbeteiligung vom 1. Juli 2014 bis zum 31. Dezember 2019 zu partizipieren. Das Erlösbeteiligungsprogramm in EURIBOR-Futures (FEU3) ist auf maximal fünf Market Maker beschränkt. Die gesamte Erlösbeteiligung orientiert sich an den Nettoerlösen der Eurex Exchange in EURIBOR-Futures (FEU3) und startet am 01. Juli 2014 mit einem Prozentsatz von 50 Prozent und reduziert sich bis ins Jahr 2019 auf 24 Prozent. Jeweils die Hälfte der jährlichen Erlösbeteiligung wird zwischen den qualifizierten Market Makern zu gleichen Teilen verteilt, die andere Hälfte anhand des auf den M- und P-Konten des qualifizierten Market Makers im jeweiligen Jahr gehandelten Volumens. Die Details zu den Erlösbeteiligungsprogrammen entnehmen Sie bitte Anhang 2 dieses Rundschreibens.

3. Anreize für den Aufbau offener Positionen in EURIBOR-Futures (FEU3)

In Kombination mit der Erfüllung der Quotierungsverpflichtungen bietet Eurex Exchange bis zum 31. Dezember 2014 auch weiterhin Anreize für den Aufbau offener Positionen in EURIBOR-Futures (FEU3) für Market Maker, wie mit Eurex-Rundschreiben 003/14 angekündigt. Die detaillierten Parameter des Designated Market-Making-Programms finden Sie im Anhang 2.

An der Teilnahme interessierte Mitglieder bitten wir, den beigefügten Designated Market Maker-Antrag (Anhang 1) auszufüllen und bis spätestens 30. Juni 2014 an Joachim Heinz an die Faxnummer +49-69-211-61 59 55 oder die E-Mail-Adresse joachim.heinz@eurexchange.com zurück zu senden.

13. Juni 2014

Application Form - Designated Market Making Scheme EURIBOR Futures

To Eurex Product Development
Joachim Heinz
Mergenthalerallee 61
65670 Eschborn

Fax no.: +49-69-211-61 59 55

Application for the Status of Designated Market Maker in EURIBOR Futures

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in the following contract in the EURIBOR-Futures (FEU3) for the following packs:

Outrights: PACK 1 ☐ PACK 2 ☐
Spreads: PACK 3 ☐

for the period from **July 1, 2014 until December 31, 2014 for Outrights** and from **July 1, 2014 until December 31, 2019 for Spreads** in accordance with the terms and conditions stated in the Quote Obligations (attachment 2):

2. As a Designated Market Maker

a) we will provide bid and ask quotes or orders on a continuous basis

- for the minimum number of contracts specified in the quote obligations
- in compliance with the Maximum Spreads specified in the quote obligations; and
- for the period of time specified in the quote obligations

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

b) – if desired - make Eurex spokesmen and printed material available for seminars organized by the Designated Market Makers regarding the fixed income futures; and

c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on Market Maker (M) - accounts up to December 31, 2014 (for Spread MM: December 31, 2019) upon fulfillment of the obligations as stated in attachment 2

d) pay monthly stipends up to December 31, 2014 for a minimum volume of 5.000 traded contracts for each market maker per calendar month and upon fulfillment of the obligations as stated in attachment 2

e) pay a monthly incentive for Open Interest held in M-Accounts up to December 31, 2014 upon fulfillment of the obligations as stated in attachment 2

f) Grant participation in long-term revenue sharing from July 1, 2014 until December 31, 2019 upon fulfillment of the obligations as stated in attachment 2

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. 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 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. 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 December 31, 2014 (for Spread MM: December 31, 2019). After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

8. The associated Quote Obligations (attachment) 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 firm) E-mail address

Please send the completed application for the status of Designated Market Maker to the indicated fax number latest by June 30th, 2014.

Designated Market Maker Scheme in Eurex Three-Month Euribor Futures (Outrights)

	Quote Obligations - Outrights					Incentive Package		
	Months	Expiry Months	Spread	Minimum Size (Quarterly Months)	Quotation Time	Fee Rebate	Stipend 2014	Net Revenue Sharing
	White & Reds					**White & Reds**		
Package 1 - Outrights	**White Months**	exp 1 - exp 2 exp 3 - exp 4	1.0 bps	1000 symmetrical 800 symmetrical	80% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)	100%	€ 12,000	n/a
	Red Months	exp 5 - exp 6 exp 7 - exp 8	1.0 bps	600 symmetrical 400 symmetrical	80% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)			
	Greens, Blue & Golds					**Greens, Blue & Golds**		
Package 2 - Outrights	**Green Months**	exp 9 - exp 10 exp 11 - exp 12	1.5 bps	250 symmetrical 200 symmetrical	60% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)	100%	€ 3,000	n/a
	Blue Months	exp 13 - exp 16	2.0 bps	100 symmetrical	60% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)			
	Gold Months	exp 17 - exp 20	4.0 bps	50 symmetrical	60% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)			

Quote Obligations for Market Making in EURIBOR Futures (Outrights) and Incentives:

- In fast market conditions the spread will be doubled and the number of contracts will be halved.
- The market-making program starts on July 1, 2014 and ends on December 31, 2014.
- Stipend payment in EURIBOR Futures (Outrights) subject to minimum volume of 5.000 contracts traded on M- and P-Accounts for each member per calendar month.

Designated Market Maker Scheme in Eurex Three-Month Euribor Futures (Spreads)

	Quote Obligations - Spreads*					Incentive Package		
	Months	Expiry Months	Spread	Minimum Size (Quarterly Months)	Quotation Time	Fee Rebate	Stipend	Net Revenue Sharing
	Spreads - Consecutive Calendar Expiry Months							
Package 3 - Spreads	**White & Red Months**	exp 1 v exp 2 exp 2 v exp 3 .... exp 8 v exp 9	1.0 bps	500 symmetrical	80% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)	**100%**	€ 0	**50%** (2014-2015) **36%** (2016) **24%** (2017-2019) out of FEU3 Net Revenues
	Green Months	exp 9 v exp 10 exp 10 v exp 11 .... exp 12 v exp 13	2.0 bps	200 symmetrical	80% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)			
	Blue & Gold Months	exp 13 v exp 14 exp 14 v exp 15 .... exp 19 v exp 20	3.0 bps	50 symmetrical	80% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)			
	Spreads - Non-Consecutive Expiry Months							
	White & Red Months	exp 1 v exp 3 exp 1 v exp 4 .... exp 4 v exp 7 exp 4 v exp 8	1.5 bps	200 symmetrical (6 months) 150 symmetrical (9 months) 100 symmetrical (12 months)	60% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)			
	Green Months	exp 9 v exp 11 exp 9 v exp 12 .... exp 11 v exp 13	2.0 bps	100 symmetrical (6 months) 50 symmetrical (9 months)	60% of the Trading Day (8:00 a.m. - 7:00 p.m. CET)			

Quote Obligations for Market Making in EURIBOR Futures (Spreads) and Incentives:

- In fast market conditions the spread will be doubled and the number of contracts will be halved.
- The market-making program starts July 1, 2014 and ends December 31, 2019. The Market Making obligations are subject to a semi-annual review.

Revenue Sharing in EURIBOR Futures (FEU3) for Futures Market Maker in EURIBOR Futures (Spreads)

Year	"X"% Revenue Sharing in EURIBOR Futures (FEU3) for Market Making in EURIBOR Futures (Spreads)
2014	**X = 50%**
2015	**X = 50%**
2016	**X = 36%**
2017	**X = 24%**
2018	**X = 24%**
2019	**X = 24%**

Pool for Futures Market Maker	"X"% of Eurex Net-Revenues in EURIBOR Futures (FEU3) are shared for market making in EURIBOR Futures Spreads in the respective product per year, provided that the market maker has fulfilled its quoting obligations.
	The revenue sharing is split between the Top 5 futures market makers. Half of the total revenue sharing is distributed equally between the Top 5 futures market makers for each year and the other half is distributed due to their volume weighted share on the M- and P-Account in the respective year.

The Revenue Sharing program starts on July 1, 2014 and ends on December 31, 2019. The Market Making obligations are subject to a semi-annual review.

M-Account Open Interest Incentives (after fulfilment of MM obligations):

Open Interest* Held in M- Account			Incentive
Expiry Months	From (contracts)	To (contracts)	Total Monthly Incentive
All	0	9.999	€ 0
All	10.000	29.999	€ 7.500
All	30.000	99.999	€ 15.000
All	100.000	above	€ 25.000

*Open Interest is considered as the sum of longs & shorts for netted expiry
for Market-Makers Open Interest is calculated on a monthly average basis

The Open Interest Incentives are valid from July 1, 2014 until December 31, 2014.