clear to trade

eurex clearing *circular 027/16*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

Equity index derivatives: Introduction of USD-denominated futures on the EURO STOXX 50® Index ("Quanto Futures")

Related Eurex circular: 034/16

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Risk Control, T +49-69-211-1 24 52, risk@eurexclearing.com

Content may be most important for:

➲ All departments

Attachments:

Updated sections of the following Rules and Regulations:

1. Clearing Conditions of Eurex Clearing AG
2. Price List of Eurex Clearing AG
3. Conditions for Utilization of the Eurex Trade Entry Services (General Conditions for Participation)

and:

4. Designated Market Maker Agreement

Summary:

Effective **21 March 2016,** Eurex Clearing will offer clearing services for USD-denominated futures on the EURO STOXX 50® Index ("Quanto Futures") introduced at Eurex Exchange. With the introduction of this product, a Designated Market-Making scheme will be offered.

This circular contains information on the clearing of the respective product and the Designated Market-Making scheme. It also includes the updated sections of the relevant Rules and Regulations of Eurex Clearing AG.

Please refer to Eurex circular 034/16 for trading-related information regarding the introduction of the new product as well as the updated sections of the relevant Rules and Regulations of Eurex Deutschland and Eurex Zürich AG.

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Aktiengesellschaft mit Sitz in Frankfurt/Main
HRB Nr. 44828
USt-IdNr. DE194821553
Amtsgericht Frankfurt/Main

Equity index derivatives: Introduction of USD-denominated futures on the EURO STOXX 50® Index ("Quanto Futures")

Effective 21 March 2016, Eurex Clearing will offer clearing services for USD-denominated futures on the EURO STOXX 50® Index ("Quanto Futures") introduced at Eurex Exchange. With the introduction of this product, a Designated Market-Making scheme will be offered.

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1. Overview

Underlying instrument					
Index	**Currency**	**Index type**	**ISIN**	**Bloomberg**	**Reuters**
EURO STOXX 50® Index	EUR	Price index	EU0009658145	SX5E Index	.SX5E

Eurex product					
Futures	**Currency**	**Index type**	**ISIN**	**Product code**	**Product type**
Future on the EURO STOXX 50® Index	USD	Price index	DE000A18T9T9	FESQ	FINX

2. Contract specifications

With the USD-denominated futures on the EURO STOXX 50® Index, a complimentary product will be offered, where the currency (U.S. dollar) is not identical with the currency of the underlying instrument (euro). Quanto Futures thereby facilitate a (U.S. dollar-) investment in the EURO STOXX 50® Index without being subject to currency fluctuation of the EUR/USD rate.

For the detailed contract specifications please see attachment 1 of Eurex circular 034/16.

Underlying instrument	EURO STOXX 50® Index
Contract value	USD 10.00 per index point
Settlement	Cash settlement, due on the first exchange trading day after final settlement day
Price determination	In points, with one decimal place
Minimum price change	1 point; corresponds to a value of USD 10.00
Contract months	Up to nine months – the next three quarterly months of the March, June, September and December cycle
Last trading day/ Final settlement day	The third Friday of each contract month, if this is an exchange trading day at Eurex Exchange, otherwise the exchange trading day immediately preceding that day. Close of trading for maturing futures is 12:00 CET
Final settlement price	The average value of all index calculations of the EURO STOXX 50® in the time between 11:50 and 12:00 CET on the last trading day.

As of the product introduction date, the updated Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be published on the Eurex website www.eurexchange.com under the following link:

Resources > Rules and regulations > Contract specifications

3. Product group

The product group assigned to the new product is as follows:

Product	Product group	Settlement location unit	Regulatory status	Settlement type	Product type	Product segment	Product currency	Product group code					
Future on the EURO STOXX 50® Index (USD-denominated)	E/I Futures in USD	No	Not approved for trading in the U.S. *	cash	F	Equity index	EUR	X	N	C	F	Q	U

* An application for approval for trading in the US has been submitted. Once this approval is granted, the product group will change and Eurex will inform about it in a separate circular.

4. Amendments to the Clearing Conditions of Eurex Clearing AG

As of 21 March 2016, the amended versions of the Clearing Conditions of Eurex Clearing AG mentioned in this circular (see attachment 1) will be available for download on the Eurex Clearing website www.eurexclearing.com under the link:

Resources > Rules and regulations > Clearing Conditions

5. Transaction fees

The following fees for trading and clearing apply for USD-denominated futures on the EURO STOXX 50® Index:

Contract	Currency	Standard fee per contract (contract number ≤ threshold value)	Reduced fee per contract (contract number > threshold value)	Threshold value A-accounts (contract number)	Threshold value P-accounts (contract number)
Order book transactions					
Futures on STOXX® Indexes (USD-denominated)	USD	M- & P-account: 0.50 A-account: 0.60	n. a.	n. a.	n. a.
Off-book transactions					
Futures on STOXX® Indexes (USD-denominated)	USD	M- & P-account: 0.75 A-account: 0.90	n. a.	n. a.	n. a.

Please refer to attachment 2 for the updated sections of the Price List of Eurex Clearing AG.

6. Admission to the Eurex Trade Entry Services

The new USD-denominated future on the EURO STOXX 50® Index will be admitted to the Eurex Trade Entry Services with the following Block-Trade Size:

Product	Minimum Block Trade Size
Future on the EURO STOXX 50® Index (USD-denominated)	1,000

Members who are already registered for the Eurex Trade Entry Services may use the respective services for the new product without any further action.

Members wishing to use the Eurex Trade Entry Services for the first time should confirm their acceptance of the General Conditions for Participation by signing the appropriate form and returning it to Eurex Exchange. In addition, where the Member firm is a Non-Clearing Member, its Clearing Member must sign and return the General Clearer's Declaration Agreement at the same time. The necessary forms can be found on the Eurex Clearing website under the following link:

Resources > Forms

The updated sections of the Conditions for Utilization of the Eurex Trade Entry Services (General Conditions for Participation) can be found in attachment 3 to this circular.

7. Simulation

Starting 10 March 2016, the USD-denominated future on the EURO STOXX 50® Index will be available in the Eurex simulation environment for testing purposes.

8. Eurex Flexible Futures Service

The Eurex Flexible Futures Service will also be available for the new USD-denominated future on the EURO STOXX 50® Index upon acceptance of the General Conditions for Participation.

9. Market-Making

Eurex Clearing will take the following measures with respect to the Designated Market-Making scheme of Eurex Deutschland and Eurex Zürich AG for USD-denominated futures on the EURO STOXX 50® Index:

- Provided the Designated Market Maker obligations in USD-denominated futures on the EURO STOXX 50® Index were fulfilled, Designated Market Makers receive a refund of 75 percent on transaction fees for the contracts concluded in USD-denominated futures on the EURO STOXX 50® Index on M-accounts until and including 31 December 2016. Refunds will be distributed on a monthly basis, provided the market-making obligations were fulfilled.
- In addition, a revenue sharing scheme for Designated Market-Making is offered in above-mentioned product. The revenue sharing programme will run until 31 December 2016. The revenue sharing amount will be 20 percent of net revenues (= transaction fees minus rebates) in USD-denominated futures on the EURO STOXX 50® Index. Payment of revenue sharing amounts will take place on a monthly basis to the qualifying Designated Market Makers. Please refer to Eurex circular 034/16 for further details of the Designated Market-Making scheme.

If you wish to register as Designated Market Maker, please use the form in attachment 4 and return it to Ralf Huesmann, fax number +49-69-211-1 61 54 43 or e-mail ralf.huesmann@eurexchange.com.

10. Risk parameters

USD-denominated futures on the EURO STOXX 50® Index are subject to Prisma margining.

For the risk parameters of the new product, please refer to the Eurex Clearing website under the link:

Risk management > Risk parameters.

11. Trading hours

Product	Pre-trading period	Continuous Trading	Post-trading Full Period	EurexTES Block-Trading	Last trading day
Future on the EURO STOXX 50® Index (USD-denominated)					Trading until
	07:30–07:50	07:50–22:00	22:00–22:30	08:00–22:00	12:00

Pursuant to Chapter I, Part 1, Number 17.2.3 of the Clearing Conditions of Eurex Clearing AG (Clearing Conditions), the changes and amendments to the Clearing Conditions communicated with this circular shall be deemed to have been accepted by each Clearing Member, Non-Clearing Member and each Registered Customer, unless they object in writing to Eurex Clearing AG prior to the end of the business day preceding the actual effective date of such change and amendment of the Clearing Conditions. The right to terminate the Clearing Agreement or the Clearing License according to Chapter I, Part 1, Number 2.1.4 Paragraph 2 Number 7.2.1 Paragraph 4 and Number 13 of the Clearing Conditions shall remain unaffected.

Pursuant to Number 16 Paragraph 3 of the Price List of Eurex Clearing AG (Price List), the amendments and additions to the Price List as communicated with this circular shall be deemed to have been accepted by the respective Clearing Member unless such Clearing Member's written objection is submitted to Eurex Clearing AG within ten (10) business days after publication.

If you have any questions or require further information, please contact Derivatives Clearing Supervision at tel. +49-69-211-1 12 50 or send an e-mail to: clearing@eurexclearing.com. Alternatively, Risk Control is available at tel. +49-69-211-1 24 52 or via e-mail to: risk@eurexclearing.com.

26 February 2016

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

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[…]

Chapter II Transactions Concluded at Eurex Deutschland and Eurex Zürich (Eurex Exchanges)

[…]

Part 2 Clearing of Futures Contracts

[…]

2.4 Clearing of Index Futures Contracts

The following provisions shall apply to the Clearing of Index futures contract transactions specified in Number 1.3 of the Eurex Contract Specifications.

[…]

2.4.2 Final Settlement Price

The final settlement price of the Index Futures contracts will be determined by Eurex Clearing AG (pursuant to Number 1.3.4 of the Contract Specifications for Futures Contracts and Options Contracts at the Eurex Deutschland and Eurex Zürich) at the final payment day of a contract.

[…]

(4) With respect to the EURO STOXX® 50 Index~~,~~ (Product ID: FESX and FESQ), EURO STOXX® Select Dividend 30 Index, EURO STOXX 50® ex. Financials Index, STOXX® Europe 50 Index, STOXX® Europe 600 Index, STOXX® Europe Large 200 Index, STOXX® Europe Mid 200 Index, STOXX® Europe Small 200 Index, EURO STOXX® Sector Index and STOXX® Europe 600 Sector Index, EURO STOXX® Index, EURO STOXX® Large Index, EURO STOXX® Mid Index, EURO STOXX® Small Index Futures contracts, the value of the respective index is based on the average of the respective STOXX indices calculations at that day from 11:50 a.m. until 12:00 noon. CET.

[…]

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INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[…]

3. Transaction Fees for Derivatives Transactions (Order Book Transactions and Off-Book-Transactions on the Eurex Exchanges)

[…]

3.1 Matching / Recording of Derivatives Transactions (Trade)

3.1.1 Order Book Transactions

[…]

Contract[1)]	**Currency**	**Standard Fee per Contract** (contract volume ≤ threshold)	**Reduced Fee per Contract** (contract volume > threshold)	**Threshold A-Accounts** (number of contracts)	**Threshold P-Accounts** (number of contracts)
[…]					
Equity Index Derivatives					
Futures					
[…]					
Futures on STOXX® Indices (denominated in EUR)	EUR	0.30	n. a.		
Futures on STOXX® Indices (denominated in USD) [12)]	USD	0.60	n.a.		
[…]					

[…]

12) For Futures on STOXX® Indices (denominated in USD), the standard fee per contract for transactions booked on P-Accounts or M-Accounts respectively is 0.50 USD.

[…]

3.1.2 Off-Book Transactions

[…]

Contract	Currency	Standard Fee per Contract (contract volume ≤ threshold)	Reduced Fee per Contract (contract volume > threshold)	Threshold A-Accounts (number of contracts)	Threshold P-Accounts (number of contracts)
[…]					
Equity Index Derivatives					
Futures					
[…]					
Futures ~~based~~ on STOXX® Indices (denominated in EUR)	EUR	0.45	n. a.		
Futures on STOXX® Indices (denominated in USD) [12)]	USD	0.90	n.a.		
[…]					

[…]
12) For Futures on STOXX® Indices (denominated in USD), the standard fee per contract for transactions booked on P-Accounts or M-Accounts respectively is 0.75 USD.

[…]

3.3 Position Closing Adjustments

Position Closing Adjustments, if these do not take place between 13:30 CET on the day of trade and before 13:30 CET of the following trading day:

Contract	Fee per Contract	
[…]		
Equity Index Derivatives		
[…]		
Futures on STOXX® Indices (denominated in EUR)	EUR	0.60
Futures on STOXX® Indices (denominated in USD)	USD	1.20
[…]		

[…]

3.4 Cash Settlement

Contract	Fee per Contract	Maximum Fee for Contracts on the same underlying of each A-, P- and M-accounts
Stock Futures with in Group ID assigned in Annex A of the Eurex Contract Specifications		
[…]		

Contract	Fee per Contract	Maximum Fee for Contracts on the same underlying of each A-, P- and M-accounts
Equity Index Derivatives		
[…]		
Futures on STOXX® Indices (denominated in EUR)	EUR 0.30	
Futures on STOXX® Indices (denominated in USD)	USD 0.60	
[…]		

[…]

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AMENDMENTS ARE MARKED AS FOLLOWS:

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[…]

9 Admitted Products, Combinations and Combination Transactions Option-Share

[…]

9.2 EFPI Trade Service

Eurex Clearing AG has admitted the following products to the EFPI Trade Service:

[…]

- Futures Contracts on the EURO STOXX 50® Index (FESX)
- Futures Contracts on the EURO STOXX 50® Index (FESQ)

[…]

9.3 EFS Trade Service

Eurex Clearing AG has admitted the following products to the EFS Trade Service:

[…]

- Futures Contracts on the EURO STOXX 50® Index (FESX)
- Futures Contracts on the EURO STOXX 50® Index (FESQ)

[…]

- Futures Contracts on the MSCI ~~Japan Index (FMJP)~~Indices
- ~~Futures Contracts on the MSCI Russia Index (FMRU)~~

[…]

9.4 Block Trade Service

Eurex Clearing AG has admitted to the Block Trade Service the following products and Combinations Transactions Option-Share. Such admission is independent from the respective transactions being entered into the Eurex System within the scope of an options strategy, an options volatility strategy or as a Combination Transaction Option-Share, consisting of Off-Book options transactions and Off-Book securities transactions.

9.4.1 Admitted Products:

Stock Index Futures	
[…]	
Futures Contracts on the EURO STOXX 50® Index (FESX)	1,000
Futures Contracts on the EURO STOXX 50® Index (FESQ)	1,000
[…]	

[…]

9.6 Flexible Options and Flexible Futures Trade Service

Eurex Clearing AG has admitted the following products to the Flexible Options and Flexible Futures Trade Service. Eurex Clearing AG can in individual cases, depending on the type of settlement of the respective contracts suspend the admission to or limit the availability of these facilities for certain products.

[…]

II. Flexible Eurex Futures Contracts	**Minimum number of contracts to be traded**
[…]	
Futures Contracts on the EURO STOXX 50® Index (FESX)	1.000
Futures Contracts on the EURO STOXX 50® Index (FESQ)	1,000
[…]	

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Please return by fax or e-mail to:

Ralf Huesmann
Fax no. +49-69-211-61 54 43
E-mail: ralf.huesmann@eurexchange.com

Designated Market Maker Agreement for USD-denominated futures on the EURO STOXX 50® Index ("Quanto Futures")

dated as of _____

1. Eurex Frankfurt AG ("EFAG") and Eurex Clearing AG ("ECAG") and

_____ ("Participant")
(name of Participant/Member ID)

hereby enter into this Designated Market Maker Agreement (the "Agreement") for the period from 21 March 2016 until 31 December 2016 under the conditions outlined below with respect to the following products:

Eurex product	Eurex product code	DMM programme	Please tick (✓) the appropriate box
USD-denominated futures on the EURO STOXX 50® Index	FESQ	DMM1	☐
		DMM2	☐

2. The Participant will

a) Fulfil the Market-Making obligations as set out by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich ("Eurex Market-Making Obligations") and published via Eurex circular. The current Eurex Market-Making Obligations for USD-denominated futures on the EURO STOXX 50® Index were published in Eurex circular 034/16 and can be amended on a monthly basis.

b) Provide EFAG with the name of a manager, who has the authorisation and expertise necessary to fulfil the commitments required under the Eurex Market-Making Obligations.

c) Provide EFAG with the name of a manager who has the authorisation and expertise necessary to make decisions and act as coordinator for the Participant, who will be available for EFAG and ECAG with respect to this Agreement.

d) Inform EFAG in the event the Participant is or will be unable to fulfil the Eurex Market-Making Obligations without undue delay and at the latest within one business day.

3. ECAG will

   a) Refund 75 percent of all transaction fees (order book and off-book transactions on Eurex Exchange) for the contracts traded by the Designated Market Makers on M-accounts in USD-denominated futures on the EURO STOXX 50® Index up to and including December 2016. Hereby, it is sufficient to fulfil the quote obligations of the programme DMM2 (see below). Refunds will be paid in full only if the Eurex Market-Making Obligations have been fulfilled in the month prior to the month in which they are payable. No refunds will be made for contracts traded on A- or P-accounts.

   b) Offer a revenue sharing where 20 percent of all net transaction-based revenues (transaction-based revenues in USD-denominated futures on the EURO STOXX 50® Index after rebates) are shared on a monthly basis between up to five Market Makers, whereby

      - Ten percent are distributed equally to all qualifying DMMs of the programme DMM1. The other ten percent are determined according to the share of the Market Maker's trading volume of the total trading volume of all qualifying DMMs of the programme DMM2, whereby order book and off-book transactions on the M-or P-accounts are considered for determination of the trading volume.
      - All DMMs fulfilling the obligations of programme DMM1 automatically also fulfil programme DMM2 and will therefore qualify for both revenue sharing programmes.
      - Generally, the maximum number of DMMs who can qualify for the revenue sharing schemes is limited to five per month. If more than five DMMs per month fulfil the obligations, only the five DMMs with the highest order book revenues will receive revenue sharing.
      - Deviating from this, in the first six months after the product launch (until and including end of September 2016) the maximum number of DMMs who can qualify for the revenue sharing programme DMM1 is limited to three per month, whereby DMMs who are the first to fulfil the scheme in a given month, will keep their place in the following month as long as they fulfil the obligations in that month as well ("early-adopter clause").

4. EFAG and ECAG shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:

   a) The Participant does not comply with the Eurex Market-Making Obligations for four consecutive months counted as of the date of this Agreement. Conformance of the Participant with the Eurex Market-Making Obligations shall be monitored by EFAG. EFAG will determine in its sole discretion whether the Participant has fulfilled the Eurex Market-Making Obligations.

   b) The Participant does not comply with any other of its obligations stated under No. 2 above.

5. The Participant shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:

   1. A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned product.
   2. A significant change to the Eurex Market-Making Obligations.

6. The Participant and EFAG and ECAG shall severally be entitled to terminate this Agreement without giving any reason with one calendar month's prior notice.

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 Agreement to the fax number indicated above.