X-pand into the Future

eurex circular 015/07

Date: Frankfurt, January 25, 2007
Recipients: All Eurex Members and Vendors
Authorized by: Thomas Lenz

Credit Futures: Designated Market-Making

Related Eurex Circulars: 012/07

Contact: Mehtap Dinc, tel. +49-69-211-1 72 84, e-mail: mehtap.dinc@eurexchange.com

Content may be most important for:	**Attachments:**
➲ All departments	1. Designated Market Maker Application 2. Designated Market Maker Quote Obligations

The Management Board of the Eurex exchanges decided to offer Designated Market-Making for Credit Futures in the period between **March 27, 2007** and **December 31, 2007**.

As a Designated Market Maker Eurex members supply continuous bid and ask prices for a determined minimum number of contracts during a fixed period of time in compliance with maximum spreads.

If a Market Maker fulfils its obligations, Eurex in return will reimburse 100 percent of the trading and clearing fees for transactions concluded by the Market Maker on M-accounts, for Market Makers joining the scheme prior to March 27, 2007.

For details and the exact parameters of the Designated Market-Making scheme please see attachment 2.

Participants interested in fulfilling Designated Market Maker functions are requested to complete and fax back the attached Designated Market Maker Application (attachment 1) by February 9, 2007 for the attention of Mehtap Dinc, Eurex, fax no. +49-69-211-61 72 84.

Application Form - Designated Market Making Scheme

To Eurex
Product Strategy
Mehtap Dinc
Neue Börsenstraße 1

60487 Frankfurt am Main

Fax no.: +49-69-211-61 72 84

Application for the Status of Designated Market Maker in Futures on iTraxx® Indices

1. We _____
(name of firm)

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

Product	Eurex Code	Please tick (✓) your interest
iTraxx® Europe 5 year Index Futures	F5E0	☐ yes
iTraxx® Europe Hi Vol 5 year Index Futures	F5H0	☐ yes
iTraxx® Europe Crossover 5 year Index Futures	F5C0	☐ yes

for the period from March 27, 2007 until December 31, 2007 (commitment period) 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 on both sides of the market

- for the minimum number of contracts specified in the quote obligations
- in compliance with the maximum spreads (see Quote Obligations)
- 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)
- for all available contracts e.g. during the roll and for new index contracts introduced as the result of a credit event

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

b) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding credit futures; and

c) refund all trading and clearing fees for the contracts traded by Designated Market Makers on M-accounts up to December 31, 2007, upon fulfillment of the obligations, for Market Makers joining the scheme **prior** to March 27, 2007. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if iTraxx® Futures are traded on A- or P-accounts.

4. Compliance with the obligations specified under No. 2 shall be monitored by Eurex.

In the event that we will not meet the obligations specified under No. 2 , 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 the contract or due to a revision of the law or rules with respect to the contract, we as well as Eurex will 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 condition(s) 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 Market Makers must, for their part, ensure that they can be contacted so that they can 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 will expire on December 31, 2007. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed upon 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 firm)	E-mail address

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

Designated Market Maker Scheme for Futures on the iTraxx® Europe 5 year Index Series

Quote Obligations

Eurex Code:	**F5EO**
Minimum Size:	**500** contracts on the bid and ask side for all expiration months
Maximum Spread:	4 ticks = 0.02 spread
Quotation Period:	80 percent of the daily trading period on a monthly average The commitment period starts March 27, 2007 and ends December 31, 2007
Designated Market Maker Fees:	From March 27, 2007 up to December 31, 2007 a total refund of trading and clearing fees for contracts traded on M-accounts upon fulfillment will be paid to Market Makers joining the scheme prior to March 27, 2007
Parallel Listing	Obligation levels must be fulfilled for all available contracts e.g. during the roll and for new index contracts introduced as a result of a credit event
Fast Market	In “fast” market conditions e.g. after significant changes in the underlying credit market, the maximum spread requirements will be doubled and the minimum size of contracts to be quoted will be halved

Designated Market Maker Scheme for Futures on the iTraxx® Europe Hi Vol 5 year Index Series

Quote Obligations

Eurex Code:	**F5HO**
Minimum Size:	**250** contracts on the bid and ask side for all expiration months
Maximum Spread:	4 ticks = 0.04 spread
Quotation Period:	80 percent of the daily trading period on a monthly average The commitment period starts March 27, 2007 and ends December 31, 2007
Designated Market Maker Fees:	From March 27, 2007 up to the December 31, 2007 a total refund of trading and clearing fees for contracts traded on M-accounts upon fulfillment will be paid to Market Makers joining the scheme prior to March 27, 2007.
Parallel Listing	Obligation levels must be fulfilled for all available contracts e.g. during the roll and for new index contracts introduced as a result of a credit event
Fast Market	In “fast” market conditions e.g. after significant changes in the underlying credit market, the maximum spread requirements will be doubled and the minimum size of contracts to be quoted will be halved

Designated Market Maker Scheme for Futures on the iTraxx® Europe Crossover 5 year Index Series

Quote Obligations

Eurex Code:	**F5CO**
Minimum Size:	**100** contracts on the bid and ask side for all expiration months
Maximum Spread:	10 ticks = 0.10 spread
Quotation Period:	80 percent of the daily trading period on a monthly average The commitment period starts March 27, 2007 and ends December 31, 2007
Designated Market Maker Fees:	From March 27, 2007 up to December 31, 2007 a total refund of trading and clearing fees for contracts traded on M-accounts upon fulfillment will be paid to Market Makers joining the scheme prior to March 27, 2007.
Parallel Listing	Obligation levels must be fulfilled for all available contracts e.g. during the roll and for new index contracts introduced as a result of a credit event
Fast Market	In “fast” market conditions e.g. after significant changes in the underlying credit market, the maximum spread requirements will be doubled and the minimum size of contracts to be quoted will be halved