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eurex clearing *circular 102/11*

Date: December 13, 2011
Recipients: All Clearing Members of Eurex Clearing AG, all Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Michael Peters

Extension of Market-Making Schemes in VSTOXX® Products

Related Eurex Circulars: 036/10, 058/10, 116/10, 187/10

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Content may be most important for:	**Attachment:**
➲ All departments	Application Form - Designated Market-Making Scheme for Mini Future on VSTOXX®

Summary:

The Management Board of Eurex Clearing AG has decided effective **January 1, 2012** to extend

1. the Designated Market-Making scheme for – VSTOXX® Mini Futures (FVS) and
2. the Market-Making scheme for options on the VSTOXX® index (OVS)

for another year, i.e. until **December 31, 2012**.

Market participants, who wish to register as Designated Market Makers in VSTOXX® Mini Futures are requested to use the attached form.

Extension of Market-Making Schemes in VSTOXX® Products

Extension of Designated Market-Making Scheme for VSTOXX® Mini Futures (FVS)

Eurex will extend the existing Designated Market-Making Scheme effective January 1, 2012.

As Designated Market Makers, Eurex Members agree to supply continuous bid and ask prices (quotes) for a determined minimum number of contracts in compliance with maximum spreads. Also, amongst other things, Designated Market Makers agree to take over further obligations with regard to efficient operation of the market by providing additional price information. If required by Eurex, they agree to supply additional price and value analysis.

In return, Designated Market Makers will be reimbursed all transaction fees for the time period from January 1, 2012 until December 31, 2012 for trades concluded on the M-accounts if they fulfill all quote obligations.

Market participants, who wish to register as Designated Market Makers in this product are requested to use the attached form.

Extension of the Market-Making Scheme for Options on the VSTOXX® Index (OVS)

For Market Makers, transaction fees for transactions concluded on the M-account will be refunded for the period of January 1, 2012 until December 31, 2012, provided they fulfil the following quotation conditions. Each Member may act as Market Maker.

The following conditions for quotation will apply:

Minimum Quotation Size: 25 contracts

Maximum Spread:

Bid up to	Maximum Spread
2	0.40 points
20	20% of bid price
9999.95	4 points

Quotation Time: 70 percent of the full trading time on an average monthly basis for calls and puts in five out of eleven strikes near the current at-the-money index value. Asymmetric quotation is allowed.

Expirations: All four expirations have to be quoted.

Incentive: 100 percent rebate on transaction fees for transactions concluded on the M-account between January 1, 2012 and December 31, 2012, if the monthly obligations have been fulfilled. In addition, revenue sharing will be offered: 50 percent of the net trading fees will be distributed among the top three Market Makers on a monthly basis. The amount will be determined as the ratio of the trading volume of one single Market Maker out of the total trading volume of the top three Market Makers.

December 13, 2011

Application Form - Designated Market-Making Scheme

To
Eurex Frankfurt AG
Product Development
Rex Jones

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Germany

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Application for the Status of Designated Market Maker in FVS – VSTOXX® Mini Futures

1. We _____
(name of Member)

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

Product	**Eurex Code**	**Please tick (✓) if applicable**
Mini Future on VSTOXX® - Scheme 1	FVS	☐ yes
Mini Future on VSTOXX® - Scheme 2	FVS	☐ yes

for the period from January 1, 2012 until December 31, 2012 in accordance with the terms and conditions stated in the Quote Obligations.

2. Quote Obligations

Designated Market Makers in FVS – VSTOXX® Mini Futures may choose between one of the following quotation parameter sets for fulfillment of the Designated Market-Making Scheme:

Scheme 1

Minimum Contract Size: 500 contracts

Maximum Spread: 5% of bid price,

Required Coverage: 80% of the total trading period on a monthly average

Expiration Range: all eight expirations

Scheme 2

Minimum Contract Size:	100 contracts
Maximum Spread:	2% of bid price for expirations 1-4, 3% of the bid price for expirations 5-8
Required Coverage:	80% of the total trading period on a monthly average
Expiration Range:	all eight expirations

3. As 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); and
      - 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)

   b) we will designate 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.

4. Eurex will in return

   a) publish the name of the Eurex Member with Designated Market Maker status in advertising and information material in connection with the contracts;

   b) make Eurex speakers and printed material available for index futures-related seminars organized by Designated Market Makers

   c) refund all trading and clearing fees for contracts traded by Designated Market Makers on M-accounts up to December 31, 2012. Refunds for the respective month will be calculated at the beginning of the subsequent month. No refund will be made if the respective futures are traded on A- or P-accounts or if Quote Obligations are not fulfilled.

   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 be met by us, 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 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 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 are not expected to have an adverse effect on market quality). In the event that Eurex amends 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, 2012. After that time, the title “Designated Market Maker” can no longer be used unless otherwise agreed with Eurex.

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 fax the completed application for the status of Designated Market Maker to above-mentioned fax number.