



eurex clearing circular 135/15

Date: 25 November 2015
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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Eurex/TAIFEX link: Extension and adjustment of incentive programmes for Daily Futures on TAIFEX derivatives

Related Eurex circular: 205/15

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Content may be most important for:

☞ All departments

Attachment:

Designated Market Maker Agreement in Daily Futures on TAIFEX Futures

Summary:

In conjunction with the Designated Market-Making (DMM) in Daily Futures on TAIFEX futures and Permanent Market-Making (PMM) in Daily Futures on TAIFEX options (standard options and Weekly Options), for the period **1 January 2016 to 31 December 2016 including**, Eurex Clearing took the following measures:

- Reimbursement of 80 percent of transaction fees for all transactions executed on M-accounts in Daily Futures on TAIFEX-Futures and in Daily Futures on TAIFEX options (standard options and Weekly Options)
- Revenue sharing of 50 percent of the net transaction fees (transaction fees minus rebates) in Daily Futures on TAIFEX futures and 50 percent of the net transaction fees in Daily Futures on TAIFEX options (incl. Weekly Options)
- Reimbursements resulting from additional incentive programmes for Daily Futures on TAIFEX options.

For the relevant conditions and details of the Market-Making schemes please refer to Eurex circular 205/15.



Eurex/TAIFEX link: Extension and adjustment of incentive programmes for Daily Futures on TAIFEX derivatives

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- Reimbursement of 80 percent of transaction fees for all transactions executed on M-accounts in Daily Futures on TAIFEX-Futures and in Daily Futures on TAIFEX options (standard options and Weekly Options)
- Revenue sharing of 50 percent of the net transaction fees (transaction fees minus rebates) in Daily Futures on TAIFEX futures and 50 percent of the net transaction fees in Daily Futures on TAIFEX options (incl. Weekly Options)
- Reimbursements resulting from additional incentive programmes for Daily Futures on TAIFEX-options.

For the relevant conditions and details of the Market-Making schemes please refer to Eurex circular 205/15.

1. Market-Making

Upon fulfilment of DMM obligations in Daily Futures on TAIFEX futures and upon fulfilment of PMM obligations in Daily Futures on TAIFEX options (standard options and Weekly Options), in return a refund of 80 percent of all transaction fees for transactions traded on M-accounts in the respective product will be granted. The refund will be granted on a monthly basis.

Please refer to the attachment for the application for Designated Market-Making in Daily Futures on TAIFEX futures. Applying for Permanent Market-Making in Daily Futures on TAIFEX options is not required.

2. Revenue sharing scheme in Daily Futures on TAIFEX futures and options

Additionally to the Market Maker rebates, Designated Market Makers (DMMs) and Permanent Market Makers (PMMs) can participate in revenue sharing schemes for Daily Futures on TAIFEX derivatives. The share in revenue is 50 percent of the net revenues (transaction fees minus rebates) generated in Daily Futures on TAIFEX futures and 50 percent of the net revenues generated in Daily Futures on TAIFEX options (including Weekly Options), whereby each product is considered separately. Distribution takes place on a monthly basis to a maximum of five Market Makers provided that the Market Maker obligations were fulfilled.

For Daily Futures on TAIFEX futures, 20 percent of the revenue share will be equally distributed amongst all qualifying Market Makers. 30 percent will be distributed according to the Market Maker's share in the traded volume generated by all qualifying Market Makers in the respective product, whereby only order book trades on M-accounts are used for determination of the traded volume.

For Daily Futures on TAIFEX options (including Weekly Options), 50 percent of the net revenues (transaction fees minus rebates) per each individual product will be distributed according to the Market Maker's share in the traded volume generated by all qualified Market Makers in the respective product, whereby only order book trades on M-accounts are used for determination of the traded volume.

The number of Market Makers who can qualify for the revenue sharing scheme is generally limited to five per product and month. If not more than five Market Makers fulfil the Market-Making obligations in a month and product, the whole revenue share will be distributed among them. If more than five Market Makers per product and month fulfil the requirements, the higher number of order book trades on M-accounts in the respective product is used to determine which Market Maker has qualified in order to receive the revenue sharing.

3. Additional incentives for Market Makers in Daily Futures on TAIEX options

For the period from 1 January 2016 until 31 December 2016, the following reimbursements will be paid to PMMs in Daily Futures on TAIEX options:

- For the fulfilment of the PMM scheme for Daily Futures on TAIEX options (standard option): TWD 60,000 per month;
- For the fulfilment of the PMM scheme for Daily Futures on TAIEX options (Weekly Options): TWD 10,000 per product and month, whereby each product (OTX1, OTX2, OTX4, OTX5) is considered separately.

If more than five Market Makers per product and month fulfil the requirements, the higher number of traded contracts in the order book on the M-account is used to determine which Market Maker has qualified in order to receive the additional incentives.

Market participants interested in Designated Market-Making in Daily Futures on TAIEX futures are requested to fill in the application form in the attachment and return it to Ralf Huesmann, Global Product R&D, at fax +49-69-211-61 54 43 or via e-mail ralf.huesmann@eurexchange.com. Applying for Permanent Market-Making in Daily Futures on TAIEX options is not required.

25 November 2015

Please return by fax to:

Ralf Huesmann

Fax no.: +49-69-211-61 54 43

**Designated Market Maker Agreement
in Daily Futures on TAIEX 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”) under the conditions outlined below and the Quote Obligations in paragraph 1 with respect to the following products:

- Daily Futures on TAIEX Futures**

for the period from **1 January 2016 until 31 December 2016.**

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 AG (“Eurex Market-Making Obligations”) and published via Eurex circular. The Market-Making Obligations for Daily Futures on TAIEX Futures can be amended from time to time.
- 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 80 percent of all transaction fees on M-accounts until 31 December 2016. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made for contracts traded on A- or P-accounts or if the Quote Obligations are not fulfilled.
 - b) offer a revenue sharing scheme, whereby 50 percent of the net revenues (transaction fees minus rebates) in the product will be distributed amongst up to five Market Makers. Further details can be found in Eurex circular 205/15.

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:
 - a) A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned products.
 - b) 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.