X-pand into the Future

eurex circular 024/11

Date: January 28, 2011
Sender: 1. Eurex Deutschland and Eurex Zürich
2. Eurex Clearing AG
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich, all Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Peter Reitz

High priority

Property Index Futures: Introduction of Designated Market Participant Programme for IPD® UK Annual All Property Index Futures

Related Eurex Circular: 014/09

Contact: Christian Csomos, Product Development, tel. +44-2 07-8 62-72 35
e-mail: christian.csomos@eurexchange.com

Content may be most important for:

➲ All departments

Attachments:

1. Designated Market Participant Scheme
2. Designated Market Participant Application Form

Summary:

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to introduce a Designated Market Participant Programme for the IPD® UK Annual All Property Index Futures contracts effective **February 1**, **2011**.

Property Index Futures: Introduction of Designated Market Participant Programme for IPD® UK Annual All Property Index Futures

As of February 1, 2011, Eurex enables interested Members to be Designated Market Participants for the IPD® UK Annual All Property Index Futures contracts until December 31, 2011.

As Designated Market Participants, Eurex Members will help ensure liquidity by undertaking to develop and promote this market between themselves and their clients.

Designated Market Participants providing quotes on the bid and ask side, subject to maximum spreads, for a specified minimum number of contracts will receive advanced fee rebates detailed as at Attachment 1.

In addition, Designated Market Participants will undertake other obligations as to the efficient operation of the market by providing information, such as additional price information and be available for additional price and value verifications at times as requested by Eurex. Designated Market Participants will also agree to be represented at a Eurex working committee on Property Derivatives to be convened at least bi-annually which will focus on the smooth running and efficiency of the market.

In return, Eurex will grant its Designated Market Participants reimbursement of a part of the transaction and clearing fees for transactions executed until and including December 31, 2011. For scheme obligations, please refer to attachment 1.

Designated Market Participants will be either 15 or 50 percent of the trading and clearing fees rebated upon fulfilment of the respective level of obligations (see attachment 1).

To apply as a Designated Market Participant, please use the form enclosed in attachment 2.

January 28, 2011

Designated Market Participant Scheme for Futures on IPD® UK Annual All Property Index

Scheme Obligations

Eurex Code: PUKA

To Eurex Market Supervision (Designated Market Participant)

Respond to Daily Pricing Requests	Participant must respond to all Eurex Pricing Requests up to a maximum of 2 requests per contract per day - within 30 minutes - in a form as agreed between the Designated Market Participant and Eurex (e.g. direct or via a third party vendor) - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form
Respond to Index Validation Requests	Participant must respond to all Eurex Index Validation Requests up to a maximum of 1 Validation Request per contract per day - within 2 hours, or - 1 hour past close of trading whichever is sooner
Designated Market Participant Fee Rebates	Order Book Trades & Block Trades 15% Fee Rebate upon fulfilment of Eurex Market Supervision obligations

In the order book (additional, if prepared to):

Quote provision	Provision of two way quotes for each of the contracts in the series - with a minimum size of 20 contracts on the bid and ask side - with a maximum spread of 1.50 points - during 50 percent of the quotation period of the trading day, from 08:30 a.m. to 17:30 p.m., on a monthly average.

Quote provision during the Periodic Auction	Provision of two way quotes for next two succeeding contracts (by maturity) in the series - with a minimum size of 20 contracts on the bid and ask side - with a maximum spread of 1.50 points Provision of two way quotes for remaining succeeding contracts in the series - with a minimum size of 10 contracts on the bid and ask side - with a maximum spread of 3.00 points
Designated Market Participant Fee Rebates for additionally fulfilling order book obligations	Order Book Trades & Block Trades 50% Fee Rebate upon fulfilment of all obligations including fulfilment of Eurex Market Supervision obligations
Fast Market (definition and announcement by the Exchange)	Quote provision maximum spreads will be increased by 100 percent and the minimum quote size will be reduced by 50 percent if applicable a periodic auction will be postponed
Delay or Failure of the Underlying Index	Quote requests may be declined and quote provision suspended until the delay is rectified or the Failed Index is calculated (or re-calculated) subject to the exchanges rules

To Eurex Property Derivatives Product Working Committee

Representative to Eurex Property Derivatives Working Committee	Participant must delegate a representative to participate in the Eurex Property Derivatives Working Committee - to two bi-annual meetings whose dates will be notified at least 30 working days in advance by Eurex - up to 2 ad-hoc meetings per annum, where such meetings are proposed by either Eurex or a Designated Market Participant and agreed by the majority of Designated Market Participants in a phone-round poll, subject to 7 days advance notification

Application Form - Designated Market Participant Scheme

To Eurex
Product Development
Christian Csomos

Fax no. +44-2 07-8 62-92 35

Application for the Status of Designated Market Participant for IPD® UK Annual All Property Index Futures

1. We _____
(Name of Member)

herewith apply for the status of Designated Market Participant in

IPD® UK Annual All Property Index Futures Contracts

for the period from **February 1, 2011 until December 31, 2011** in accordance with the terms and conditions stated in the Scheme Obligations.

2. As a Designated Market Participant
   a. we will fulfil the obligations to Eurex Market Supervision by provision of Daily Pricing Requests as specified in the Scheme Obligations
   b. we will fulfil the obligations to Eurex Market Supervision by provision of Index Validation Requests as specified in the Scheme Obligations

   and additionally, if prepared to,

   c. we will fulfil the obligation by provision of two way quotes for each of the contracts in the series
      - for the minimum number of contracts specified in the Scheme Obligations
      - in compliance with the maximum spread specified in the Scheme Obligations; and
      - in compliance with the times specified in the Scheme Obligations.
   d. we will additionally provide bid and ask quotes on both sides of the market during the periodic Auction
      - for the minimum number of contracts specified in the Scheme Obligations
      - in compliance with the maximum spread specified in the Scheme Obligations; and
      - in compliance with the times specified in the Scheme Obligations

3. As a Designated Market Participant
   a. we will give you the name of a manager, and an alternate, who has the authorization and expertise necessary to fulfil the commitments required under the Scheme Obligations to Eurex Market Supervision
   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 Participants wishing to fulfil the obligations stated under No. 2 above; and
   d. we will give Eurex a one business day notice if we wish to terminate this Designated Market Participant Scheme agreement.
4. Eurex Clearing AG will in return:
   a. refund 15% of all trading and clearing fees for the contracts traded by the Designated Market Participants on M accounts fulfilling the obligations 2.a and 2.b above (Eurex Market Supervision obligations).
   b. refund 50% of all trading and clearing fees for the contracts traded by the Designated Market Participants on M accounts fulfilling all obligations including the Eurex Market Supervision obligations .
   c. The refund for the respective month will be calculated at the beginning of the subsequent month. Refunds will be paid in full only if the Scheme Obligations have been fulfilled in the month prior to the one in which they are applicable. No refunds will be made for contracts traded on A or P accounts;
   d. make Eurex speakers and printed material available for seminars organized by the Designated Market Participants regarding Property Index Futures, if desired; and
   e. consult the Designated Market Participants as a deliberative body on any proposed material changes to this product and its Contract Specifications, notwithstanding any legal obligations of Eurex, and action the proposed material changes upon advice from those responding Designated Market Participants who deem such changes to be acceptable.
5. 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 and to publicly disclose the termination of the Designated Market Participant status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 4 with immediate effect.
6. 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 No. 2 and/or in the associated Scheme Obligations.
7. 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 Participants, 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 Participants must, for their part, ensure that they can be contacted so that they can be promptly advised that this situation has ceased to exist.

8. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Participant status, which expires on December 31, 2011. After that time, the title "Designated Market Participant" can no longer be used unless otherwise agreed with Eurex.
9. The associated Scheme Obligations (Attachment 1) are an integral part of this application.
10. Exclusively the law of the Federal Republic of Germany applies to this Designated Market Participant Scheme agreement, unless otherwise stated hereinafter. Sole place of jurisdiction for all disputes in connection with this Designated Market Participant Scheme agreement is Frankfurt am Main.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 4b

_____
Place, date

_____	_____
Name	Position
_____	_____
Phone	Fax
_____	_____
(Signature / Stamp of the company)	E-mail address

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