X-pand into the Future

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High priority

Equity index derivatives: Extension of the revenue sharing programme for STOXX® Europe 600 and STOXX® Europe 50 options

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Content may be most important for:	**Attachments:**
➲ All departments	none

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have taken the following decision effective **1 January 2017**:

- Extension of the revenue sharing programme for STOXX® Europe 600 and STOXX® Europe 50 options until **31 December 2017**.

This circular contains all information on the revenue sharing programme.

Information about the related decisions to be passed by Eurex Clearing AG will be published in a separate Eurex Clearing circular at a later date. Thus the extended programme is subject to the corresponding decisions by Eurex Clearing AG.

Equity index derivatives: Extension of the revenue sharing programme for STOXX® Europe 600 and STOXX® Europe 50 options

1. Overview

Effective 1 January 2017, the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have taken the decision to extend the revenue sharing programme for options on the pan-European indices STOXX® Europe 600 and STOXX® Europe 50 until and including 31 December 2017.

Information about the related decisions to be passed by Eurex Clearing AG will be published in a separate Eurex Clearing circular at a later date. Thus the extended programme is subject to the corresponding decisions by Eurex Clearing AG.

2. Market-Making

Eurex Exchange offers interested Participants the possibility to take part in Market-Making for index options.

As a Permanent Market Maker in equity index options contracts, Eurex Participants undertake to continually provide bid and ask prices (quotes) for a specified minimum number of contracts and in compliance with maximum spreads for a predefined period of time.

Permanent Market Makers in STOXX® Europe 600 and STOXX® Europe 50 options will receive, as before, a rebate of 55 percent of transaction fees (order book) or 40 percent (off-book) for the contracts concluded on M-accounts.

3. Revenue sharing

The overall revenue sharing amount will be 30 percent of the net revenues (transaction fees minus rebates) in STOXX® Europe 600 and STOXX® Europe 50 index options, whereby each product will be regarded separately.

As a general rule, the maximum number of Market Makers who can qualify for the revenue sharing programme is limited to three per product and month. If not more than three Market Makers per month and per product fulfil the Market Maker Obligations, the 30 percent will be distributed amongst them. If more than three Market Makers fulfil in a month, only those three Market Makers with the highest total volumes (order book and off-book trades) will be entitled for revenue sharing.

- 10 percent will be distributed evenly among the qualified Market Makers.
- 20 percent will be distributed according to the Market Maker's share of the traded volume in the sum of the traded volumes of all qualified Market Makers, whereby all order book trades and off-book trades are used for determination of the traded volume.

Revenue sharing will be granted monthly whenever the Market Maker Obligations have been fulfilled.

4. Quote obligations

Permanent Market-Making at Eurex Exchange consists of continuous quotation of a series of strike prices for a predefined number of expirations (the maturity range). The quote obligations for the products remain unchanged:

Continuous quotation must cover an average of 85 percent of the trading period between 09:00 and 17:30 CET (calculated on a monthly average) on each exchange trading day per calendar month (monthly average). Permanent Market Makers in these equity index options are required to quote calls and puts in five strike prices (i.e. a total of ten series) from a strike price window of seven strike prices nearest to the current index price within the maturity range. Quote obligations comprise the first seven expiration months (contract term up

to 18 months) for STOXX® Europe 50 options and the first six expiration months (contract term up to twelve months) for STOXX® Europe 600 options. At present, quote requests do not have to be answered.

Equity index options on	**Eurex product code**	**Minimum quote size**	**Maximum spread**	
		Contracts on bid and ask side	Bid prices up to	Spread
STOXX® Europe 600	OXXP	100	0 – 5.3	0.8 index points
			5.4 – 53.3	15 percent
			> 53.3	8 index points
STOXX® Europe 50	OSTX	20	0 – 15	3 index points
			15.01 – 187.5	20 percent
			> 187.5	37.5 index points

In Fast Market, the minimum quote size will be reduced by 50 percent and the maximum spread will be increased by 100 percent.

Registration for Permanent Market-Making is not required.

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