eurex bonds circular 52/12

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Recipients: All Trading Participants of Eurex Bonds
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Market-Making: Evidence of Market Maker status vis-à-vis the competent supervisory authority

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Content may be most important for:	**Attachments:**
Ü Front Office/Trading Ü Middle + Backoffice Ü Auditing/Security Coordination	none

Summary:

On **1 November 2012**, a new European regulation (EU) No. 236/2012 on short selling and certain aspects of credit default swaps ("EU Short Selling Regulation") will come into effect. Article 17 of the EU Short Selling Regulation provides for an exemption of Market-Making activities from the net short position transparency requirements and the restrictions on uncovered short sales.

According to this regulation, Market Makers interested in the exemption are required to notify their competent supervisory authority in writing and may need to provide evidence of their status at least 30 calendar days before the intended first use of the exemption.

In order to qualify as Market Maker, we recommend trading participants shall review and assess the requirements with their competent supervisory authority. Trading Members may consider using the Eurex Bonds Daily Market-Making Reports as a form of evidence of the Market Maker status, if required.

Market-Making: Evidence of Market Maker status vis-à-vis the competent supervisory authority

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As of January 2008, the Board of Management of Eurex Bonds GmbH ("Eurex Bonds") decided to amend the Terms and Conditions for Participation and Trading on Eurex Bonds pertaining to the admission of Market Makers at Eurex Bonds GmbH in a way that in order to become a Market Maker, licenses are no longer required. Market participants can "make markets" on a voluntary basis to benefit from reduced fees.

In addition, Eurex Bonds is officially recognized by the Austrian Federal Financing Agency (AFFA), the Finnish State Treasury and the Dutch State Treasury Agency (DSTA) as an "Eligible Platform" for Primary Dealers. Accordingly, Market Participants who are Primary Dealers for Austrian, Finish, and/or Dutch government bonds, can use Eurex Bonds as a platform to fulfil their respective quoting obligations in the secondary market.

The fee model differentiates between the aggressor (Market Taker) of a trade and the non-aggressor (Market Maker). The market participant who offers liquidity and whose price is accepted to perform a trade pays less or even receives a credit.

All Market Participants are automatically checked to evaluate whether they fulfil a Market-Making function (i.e. act as non-aggressor) and whether are able to take part in the related Market-Making schemes and packages that are offered. More detailed information can be found in the price model in the Member Section of the Eurex Bonds website www.eurex-bonds.com.

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