

## Eurex Circular 029/18

# A. VSTOXX Futures: Change in Spread requirements B. Variance Futures: Introduction of non-monetary Liquidity Provider scheme

The Management Board of Eurex Deutschland took the following decisions:

1. Change of the Product Specific Supplement Futures on VSTOXX® Index (FVS), effective **3 June 2018**.
2. Introduction of a Liquidity Provider Scheme without monetary incentives for Variance Futures on Euro Stoxx 50® (EVAR), effective **7 May 2018**.

The change in attachment 1 adapts the Product Specific Supplement Futures on VSTOXX® Index by introducing new Maximum Spread parameters to the Liquidity Provider scheme and by changing the required Maximum Spread parameters that are valid during Stressed Market Conditions from factor 2 to factor 3.

The change in attachment 2 introduces a non-monetary Liquidity Provider Scheme for Variance Futures on Euro Stoxx 50® (EVAR). The existence of an LP scheme recognizes the corresponding quotation activity by increased limits for Order to Trade Ratio (OTR) and Excessive System Usage (ESU) fee.

### Attachments:

1. Product Specific Supplement Futures on VSTOXX® Index (FVS)
2. Liquidity Provider Scheme without monetary incentives for Variance Futures on Euro Stoxx 50®

**Date:** 3 May 2018

**Recipients:**

All Trading Participants of Eurex Deutschland and Vendors

**Authorized by:** Mehtap Dinc

**Target group:**

All departments

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# Liquidity Provider Scheme for Futures on VSTOXX<sup>®</sup> Index

-Valid from 3 June 2018

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## Preamble

This Product Specific Supplement for Futures on VSTOXX<sup>®</sup> Index (hereinafter referred to as "Product Specific Supplement") forms an integral part of the LPA. For the avoidance of doubt, Sec. 1 of the LPA applies.

As of 1 January 2018 three Liquidity Provider schemes for Futures on VSTOXX<sup>®</sup> Index will be offered until and including 31 December 2018. Additionally, a revenue sharing scheme will be offered as of 1 January 2018 until and including 31 December 2018.

## 1. Applicable Building Blocks

Pursuant to Sec. 2.3 of the General Supplement to the LPA, the granting of rebates and the concrete rebate levels to be applied on the respective transaction fees are dependent on the fulfilment of Building Blocks. For this Product Specific Supplement, the following Building Blocks are applicable:

Scheme	Product ID	Basis	Package	Strategy	Larger Size	Tighter Spread	Stress Presence	Revenue Sharing
		BBB	PBB	CBB	LBB	TBB	SBB	
FVS1	FVS	✓						
FVS2	FVS	✓						✓
FVS3	FVS	✓						

## 2. Liquidity Provider Rebates

Upon fulfilment of the Building Block requirements of one product, Liquidity Providers shall receive a fee rebate as specified in section 3 of the General Supplement to the LPA in accordance with the table below. A multiple refund will not take place upon fulfilment of more than one scheme in one product. The evaluation takes place on a monthly basis.

Execution type	Building Block	Upon fulfilment of at least one scheme
Order book	Basis	100%
	Package	-
	Strategy	-
	Larger Size	-
	Tighter Spread	-
	Stress Presence	-
	Total	100%
Off-book*	Basis	100%
	Package	-
	Strategy	-
	Total	100%

\* Only off-book block and multilateral transactions are eligible for off-book rebates for Liquidity Provisioning

### 3. Building Block Requirements

#### 3.1. Basis Block Requirements

In order to receive the Liquidity Provider rebates pursuant to Sec. 2 above, the following quotation requirements shall apply:

	FVS 1	FVS 2	FVS 3
<b>Quotation Period:</b>	09:00 – 17:30 CET		14:00 – 22:00 CET
<b>Required Coverage:</b>	75%		
<b>Maturity Range:</b>	The first eight expirations need to be quoted		
<b>Minimum Quote Size:</b>	30 contracts on the bid and ask side	200 contracts on the bid and ask side	100 contracts on the bid and ask side
<b>Maximum Spread:</b>	Spread Class “FVS 1” (cp. Sec 5.1)	Spread Class “FVS 2” (cp. Sec 5.1)	Spread Class “FVS 3” (cp. Sec 5.1)

#### 4. Other monetary incentive schemes: Revenue Sharing

A revenue sharing scheme for Futures on VSTOXX<sup>®</sup> Index is offered as of 1 January 2018 until 31 December 2018 in accordance with section 3.1.2 of the General Supplement to the LPA.

The evaluation takes place on a monthly basis.

	FVS 2
<b>Revenue Sharing Pool:</b>	Up to 20% of the net revenues of the product FVS
<b>Participation Condition:</b>	Fulfilment of Basis Block requirements of the scheme FVS 2
<b>Number of Participants:</b>	Up to 3
<b>Qualification criterion:</b>	The top 3 fulfilling Liquidity Providers participate; ranked according to their share of trading volume in M-accounts (order book and off-book) of all fulfilling Liquidity Providers
<b>Distribution Method:</b>	Ranked according to their share of trading volume in M-accounts (order book and off-book) of all qualifying Liquidity Providers the top Liquidity Provider will receive 10% of the net revenues, while 7% and 3% will be shared with the Liquidity Provider ranked 2 and 3  If only two Liquidity Providers qualify, the top ranked Liquidity Provider receives 12% and the other one 8% of the net revenues  If only one Liquidity Provider qualifies, this Liquidity Provider receives 20% of the net revenues

VAT on the Revenue Sharing amounts shall be borne by the Liquidity Provider, if applicable, and will be offset against any due and unpaid Revenue Sharing amount.

## 5. Quotation Requirements

### 5.1. Available Spread Classes

Spread Class	Bid up to	Maximum Spread		Unit
		Expiry 1-4	Expiry 5-8	
FVS1	20	0.3	0.4	points
	-	1.50%	2%	percent
FVS2	20	0.2	0.3	points
	-	1.00%	1.50%	percent
FVS3	20	0.4	0.6	points
	-	2.00%	3.00%	percent

Spread Class*	Bid up to	Maximum Spread		Unit
		Expiry 1-4	Expiry 5-8	
FVS1	20	0.3	0.45	points
	30	2%	3%	percent
	40	3%	5%	percent
	60	6%	9%	percent
	>60	9%	14%	percent
FVS2	20	0.2	0.3	points
	30	1.5%	2%	percent
	40	2%	3%	percent
	60	4%	6%	percent
	>60	6%	9%	percent
FVS3	20	0.4	0.6	points
	30	3%	5%	percent
	40	4%	6%	percent
	60	8%	12%	percent
	>60	11%	17%	percent

**\*Deviating from section 2.3.1.2 of the General Supplement to the LPA the maximum BBB spread requirement shall be tripled during Stressed Market Conditions (SMC) pursuant to Section 2.2.1 of the General Supplement to the LPA.**



### 3. Building Block Requirements

#### 3.1. Basis Block Requirements

In order to receive the Liquidity Provider Rebates pursuant to Sec. 2 above, the following quotation requirements shall apply to each product individually:

	Index Futures	ETF Options	ETF Futures	Variance Futures <u>EVAR</u>
<b>Quotation Period:</b>	See quotation parameters table below (cp. Sec. 5.2)	09:00 – 17:30		
<b>Required Coverage:</b>	70%			80%
<b>Maturity Range:</b>	The front month needs to be quoted. Five exchange days prior to expiration, Liquidity Providers may choose to quote either the front month or the second expiration month	The first six expirations need to be quoted	The front month needs to be quoted	<u>The first eight expirations need to be quoted. Five exchange days prior to expiration the front month does not have to be quoted.</u>
<b>Strike Price Window:</b>	n.a.	5 out of 7	n.a.	<u>n.a.</u>
<b>Response to Quote Requests:</b>	n.a.	Quote requests do not have to be answered	n.a.	<u>n.a.</u>
<b>Minimum Quote Size:</b>	See quotation parameters table below (cp. Sec. 4.2)	100 contracts on the bid and ask side	5 contracts on the bid and ask side	<u>The following amounts of notional Vega on the bid and ask side:</u> Exp 1: 5,000 Exp 2-3: 10,000 Exp 4-5: 25,000 Exp 6-8: 50,000
<b>Maximum Spread:</b>	See quotation parameters table below (cp. Sec. 4.2)	Spread Class "ETF O" (cp. Sec. 4.1)	Spread Class "ETF F" (cp. Sec. 4.1)	<u>Spread Class "EVAR" (cp. Sec. 4.1)</u>

### 4. Quotation Requirements

#### 4.1. Available Spread Classes

Spread Class	Bid up to	Maximum Spread	Unit
ETF O	1.0	0.15	Index Points
	5.0	15%	Percent
		0.75	Index Points

Spread Class	Bid up to	Maximum Spread	Unit
ETF F	50	0.2	Index Points
		0.40%	Percent

Spread Class	Maximum Spread			Unit
	Exp. 1	Exp. 2-3	Exp. 4-8	
<u>EVAR</u>	<u>3</u>	<u>2</u>	<u>1.5</u>	<u>Volatility Points</u>

## 4.2. Quotation Parameters

The following quotation parameters apply for the quotation requirements pursuant to Sec. 3 above

Product	Product ID	Basis Maximum Spread (percent or index points)	Basis Minimum Quote Size (contracts)	Expirations to be quoted, the first	Quotation Period
FUTURES ON MDAX	F2MX	0.50%	5	1	9:00-17:30
FUTURES ON DAX INDEX	FDAX	4	2	1	9:00-17:30
FUTURES ON DIVDAX	FDIV	0.50%	5	1	9:00-17:30
FUTURES ON EURO STOXX SEL.DIV 30	FEDV	7	25	1	9:00-17:30
FUTURES ON EURO STOXX BANKS	FESB	0.50%	25	1	9:00-17:30
FUTURES ON EURO STOXX 50	FESX	2	10	1	9:00-17:30
FUTURES ON EURO STOXX 50 EX FIN	FEXF	7	25	1	9:00-17:30
FUTURES ON OMX HELSINKI 25 INDEX	FFOX	0.50%	5	1	9:00-17:30
FUTURES ON STOXX GLOB. SEL DIV 100	FGDV	0.50%	5	1	9:00-17:30
FUTURES ON SENSEX INDEX	FSEN	0.50%	5	1	9:00-17:30
FUTURES ON SLI	FSLI	10	10	1	9:00-17:20
FUTURES ON SWISS MARKET INDEX	FSMI	0.25%	5	1	9:00-17:20
FUTURES ON SMIM	FSMM	0.50%	5	1	9:00-17:20
FUTURES ON STOXX EUROPE 50	FSTX	7	25	1	9:00-17:30
FUTURES ON TA35 INDEX	FT25	0.50%	5	1	9:00-16:35
FUTURES ON TECDAX	FTDX	0.50%	5	1	9:00-17:30
ALL OTHR INDEX FUTURES		0.50%	5	1	9:00-17:30