Eurex Clearing Circular 005/18

MSCI index derivatives: Introduction of two index futures and fee waiver for three index futures

Summary

Effective **12 February 2018**, Eurex Clearing AG (Eurex Clearing) will offer clearing services for futures on two additional MSCI indices introduced at Eurex Deutschland and Eurex Zürich (collectively: the Eurex Exchanges):

- MSCI Japan (NTR; JPY)
- MSCI EM Asia ex Korea (NTR; USD)

In addition, all fees for trading, clearing and settlement in the following three MSCI Futures will be waived between 12 February 2018 and 31 December 2018:

- MSCI EM Asia ex Korea (NTR; USD)
- MSCI EM EMEA ex Turkey (NTR; USD)
- MSCI EM LatAm ex Brazil (NTR; USD)

This circular contains information on clearing of the respective products which will come into effect on 12 February 2018.

Please refer to Eurex circular 004/18 for specific trading-related information on the introduction of the new products as well as the updated sections of the relevant Rules and Regulations of the Eurex Exchanges.

Date: 17 January 2018

Recipients:
All Clearing-Members of Eurex Clearing AG and Vendors

Authorized by:
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Target group:
All departments

Related Eurex circular:
004/18

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Attachments:

- Updated sections of the Clearing Conditions for Eurex Clearing AG
- Updated sections of the Price List of Eurex Clearing

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Aktiengesellschaft mit Sitz in Frankfurt/Main
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Amtsgericht Frankfurt/Main

MSCI index derivatives: Introduction of two index futures and fee waiver for three index futures

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- MSCI Japan (NTR; JPY)
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This circular contains information on clearing of the respective products which will come into effect on 12 February 2018.

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1. Overview

Eurex products			Underlying instruments		
Futures	**Product code**	**ISIN**	**ISIN**	**Bloomberg (end of day)***	**Reuters (end of day)***
MSCI Japan (NTR, JPY)	FMJY	DE000A2DB9B6	XC000A2BNLM9	M7JPE	.dMIJP00000NJP
MSCI EM Asia ex Korea (NTR, USD)	FMXK	DE000A2G94A6	XC000A2G9395	M1CXNPSA	.dMIMSk0000NUS

*Under a different ID, all of these indices are also calculated real-time. Basis for the calculation of the final settlement price, however, are the indices listed above which are calculated once a day.

2. Contract specifications

For the detailed contract specifications please refer to Eurex circular 004/18.

Underlying instrument	MSCI Indices
Description of underlying	The index rules and regulations can be found on the MSCI website under www.msci.com.
Contract value	**Futures:** • JPY 1,000 per index point for MSCI Japan (NTR, JPY) (FMJY) • USD 10 per index point for MSCI EM Asia ex Korea (NTR, USD) (FMXK)
Settlement*	Cash settlement, due on the first exchange day after the final settlement day. Only in the case of MSCI Japan (NTR, JPY) cash settlement is due on the second exchange day after the final settlement day.

Price determination	In points, with two decimal places
Minimum price change	**Futures:** • MSCI Japan (NTR, JPY) (FMJY): 0.5 (equals JPY 500.00) • MSCI EM Asia ex Korea (NTR, USD): 0.5 (equals USD 5.00)
Contract months	Futures: The next 12 quarter months of the cycle March, June, September and December (36 months)
Last trading day/ final settlement day	The third Friday of each maturity month, if this is an exchange trading day at Eurex Deutschland and Eurex Zürich (collectively: the Eurex Exchanges), otherwise the exchange trading day immediately preceding that day. Close of trading for maturing series: **Futures:** 22:00 CET The final settlement day is the exchange trading day following the last trading day.
Final settlement price	Relevant for the MSCI equity index derivatives is the index closing price on the last trading day.

* Please check the setup of the JPY account infrastructure before trading in MSCI Japan.

3. Product groups

The product groups assigned to the new futures on the MSCI indices are:

Product	Product group	Settlement location unit	Regulatory status	Settlement type	Product	Product segment	Product	Product group code					
JPY-denominated MSCI Futures and Options	E/I Futures and Options in JPY	no	not approved for trading in the U.S.	cash	F/O	Equity index	JPY	X	N	C	H	Q	J
USD-denominated MSCI Futures and Options	E/I Futures and Options in USD	no	not approved for trading in the U.S.	cash	F/O	Equity index	USD	X	N	C	H	Q	U

4. Amendments to the Clearing Conditions for Eurex Clearing AG

Die amendments to the Clearing Conditions for Eurex Clearing AG (Clearing Conditions) are attached to this circular (attachment 1).

The amendments will come into effect on 12 February 2018 with the introduction of the products. On this day, the full version of the amended Clearing Conditions will be available on the Eurex Clearing website www.eurexclearing.com under the following link:

Resources > Rules and Regulations > Clearing Conditions

5. Transaction fees and rebates

The following fees and rebates for trading and clearing apply for the MSCI index futures:

Contract	Currency	Standard fee per contract (contract number ≤ threshold value)	Reduced fee per contract (contract number > threshold value)	Threshold value A-accounts (contract number)	Threshold value P-accounts (contract number)
On-exchange trades					
MSCI-Futures (USD or JPY denominated)	USD	0.50	n. a.	n. a.	n. a.
Off-exchange trades					
MSCI Futures (USD or JPY denominated)	USD	0.75	n. a.	n. a.	n. a.

Please note that the transaction fees for the product FMJY will be calculated in US dollar (USD), although the product currency is Japanese Yen (JPY).

In addition, all fees for trading, clearing and settlement in the following three MSCI Futures will be waived between 12 February 2018 and 31 December 2018:

- MSCI EM Asia ex Korea (NTR; USD)
- MSCI EM EMEA ex Turkey (NTR; USD)
- MSCI EM LatAm ex Brazil (NTR; USD)

Further details can be found in the Price List of Eurex Clearing AG which is available for download on the Eurex Clearing website under the following link:

Resources > Rules and Regulations > Price list

6. Simulation

The product FMJY will be available for testing purposes in the Eurex Simulation environment as of 31 January 2018.

7. Risk parameters

Margins for the new products are calculated in Prisma. For the risk parameters of the new products, please refer to the Eurex Clearing website under the link:

Risk management > Risk parameters

8. Trading hours (CET)

Product	Pre-trading period	Continuous Trading	Post-trading Full Period	Off-book Trading Period	Last trading day
					Trading until
MSCI Futures	07:30 – 07:50	07:50 – 22:00	22:00 – 22:30	08:00 – 22:00	22:00

Pursuant to Chapter I Part 1 Number 17.2.2 and Number 17.2.6 of the Clearing Conditions of Eurex Clearing AG (Clearing Conditions), each Affected Customer accepts each change or amendment to the Clearing Conditions, unless it objects by written notice to Eurex Clearing within fifteen (15) Business Days prior to the effective date. The rights to terminate the Clearing Agreement and Clearing Licenses according to Chapter I, Part 1, Number 2.1.4 Paragraph 2, Number 7.2.1 (4) and Number 13 of the Clearing Conditions shall remain unaffected.

Pursuant to Number 14 Paragraph 3 of the Price List of Eurex Clearing AG (Price List), the amendments to the Price List as communicated with this circular shall be deemed to have been accepted by the respective Clearing Member unless such Clearing Member's written objection is submitted to Eurex Clearing AG within ten (10) business days after publication.

If you have any questions or need further information please contact Clearing Operations at T +49-69-211-1 12 50 or e-mail clearing@eurexclearing.com, or Risk Control, T +49-69-211-1 24 52 or e-mail: risk@eurexclearing.com.

17 January 2018

Chapter II of the Clearing Conditions of Eurex Clearing AG

Transactions Concluded at Eurex Deutschland and Eurex Zürich

(Eurex Exchanges)

As of 12.02.2018

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

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Part 2 Clearing of Futures Contracts

[…]

2.4 Clearing of Index Futures Contracts

The following provisions shall apply to the Clearing of Index futures contract transactions specified in Number 1.3 of the Eurex Contract Specifications.

2.4.1 Payment Procedures

All payments shall be made on the Business Day following the final settlement day (Number 1.3.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich). An exception are payments in Japanese Yen (JPY) in MSCI Index Futures contracts, which shall be made two Business Days after the final settlement day. All Clearing Members must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in the RTGS Account or the euroSIC Account; for SMI Futures contracts, SLI® Futures contracts and for SMIM® Futures contracts, respective credit balances on the SIC Account shall be ensured.

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AMENDMENTS ARE MARKED AS FOLLOWS:

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DELETIONS ARE CROSSED OUT

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3. Transaction Fees for Derivatives Transactions (Order Book Transactions and Off-Book Transactions on the Eurex Exchanges)

[…]

3.1 Matching / Registration of Derivatives Transactions

[…]

Product / Product Group	**Currency**	**Execution Type**	**Accounts**	**Standard Fee per Contract** (contract volume ≤ threshold)	**Reduced Fee per Contract** (contract volume > threshold)	**Threshold** (number of contracts)
Equity Index Derivatives						
Equity Index Futures						
MSCI Futures (denominated in EUR)	EUR	Order book	A	0.50	n. a.	n. a.
			P	0.50	n. a.	n. a.
			M	0.50	n. a.	n. a.
		Off-book	A	0.75	n. a.	n. a.
			P	0.75	n. a.	n. a.
			M	0.75	n. a.	n. a.
MSCI Futures (denominated in GBP)	GBP	Order book	A	0.50	n. a.	n. a.
			P	0.50	n. a.	n. a.
			M	0.50	n. a.	n. a.
		Off-book	A	0.75	n. a.	n. a.
			P	0.75	n. a.	n. a.
			M	0.75	n. a.	n. a.
MSCI Futures (denominated in USD or JPY)	USD	Order book	A	0.50	n. a.	n. a.
			P	0.50	n. a.	n. a.
			M	0.50	n. a.	n. a.
		Off-book	A	0.75	n. a.	n. a.
			P	0.75	n. a.	n. a.
			M	0.75	n. a.	n. a.

[…]

3.3 Position Closing Adjustments

Position Closing Adjustments, if these do not take place until 13:30 CET on the trading day following the day of the transaction, shall be priced as follows:

Product / Product Group	Fee per Contract	
Equity Index Derivatives		
[…]		
MSCI Futures (denominated in EUR)	EUR	1.00
MSCI Futures (denominated in GBP)	GBP	1.00
MSCI Futures (denominated in USD or JPY)	USD	1.00
[…]		

[…]

3.4 Cash Settlement

Product / Product Group	Fee per Contract		Maximum Fee for Contracts on the same underlying of each A-, P- and M-Account
Equity Index Derivatives			
[…]			
MSCI Futures (denominated in EUR)	EUR	0.50	n. a.
MSCI Futures (denominated in GBP)	GBP	0.50	n. a.
MSCI Futures (denominated in USD or JPY)	USD	0.50	n. a.
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