X-pand into the Future

# eurex circular 039/16

**Date:** 21 March 2016
**Recipients:** All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
**Authorized by:** Mehtap Dinc

## Index derivatives on the RDX® USD: Extension of Market-Making schemes

**Related Eurex circular:** 047/12

**Related Eurex Clearing circular:** 034/15

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**Content may be most important for:**

➲ All departments

**Attachments:**

1. Designated Market-Making Scheme for RDX® USD Index Futures – Quote Obligations
2. Eurex Clearing circular 034/15

**Summary:**

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to extend the Market-Making schemes in futures and options on the RDX® USD index (FRDX, ORDX) by nine months, i.e. for the period **1 April 2016 to 31 December 2016**.

The modifications compared to the current schemes relate to revenue sharing, Market Maker rebates and quote obligations.

Please see attachment 1 for further details about the Designated Market-Making scheme for the product FRDX.

To register as Designated Market Maker, please use the form attached to Eurex Clearing circular 034/16.

# Index derivatives on the RDX® USD: Extension of Market-Making schemes

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to extend the Market-Making schemes in futures and options on the RDX® USD index (FRDX, ORDX) by nine months, i.e. for the period 1 April 2016 to 31 December 2016.

The modifications compared to the current schemes relate to revenue sharing, Market Maker rebates, and quote obligations.

## Market-Making in RDX® USD index futures and options

As Designated Market Maker resp. Permanent Market Maker, Eurex Participants undertake to supply bid and ask prices (quotes) for a determined minimum number of contracts during a fixed period of time in compliance with maximum spreads.

If the Market Maker fulfils his obligations, Eurex Exchange will in return reimburse 80 percent of the orderbook transaction fees and 60 percent of the off-book transaction fees for transactions in futures resp. options on the RDX® USD index concluded on M-accounts by Designated Market Makers resp. Permanent Market Makers (order book and off-book transactions).

In addition, for the mentioned period a revenue sharing will be offered for trading of futures and options on the RDX® USD index.

## Designated Market-Making in RDX® USD index futures

The quotation requirements are as follows:

| Criterion | Obligation |
|---|---|
| Minimum quote size | 75 contracts on the buy and sell side |
| Maximum spread | 0.75% |
| Minimum quotation time | 90% of the trading period from 09:00 until 16:30 CET (monthly average) |
| Contract months to be quoted | First contract month |

During the Fast Market phase, the minimum quote size is reduced by 50 percent and the maximum spread is increased by 100 percent.

## Permanent Market-Making in RDX® USD index options

Quotation requirements are as follows:

| Criterion | Obligation | |
|---|---|---|
| Minimum quote size | 75 contracts on the buy and sell side | |
| Maximum spread | | Expiration months<br>1 – 6 |
| | Bid price up to:<br>Maximum spread: | 0 – 40<br>8 |
| | Bid price up to:<br>Maximum spread: | 40.01 – 400<br>20 % |
| | Bid price up to:<br>Maximum spread: | > 400<br>80 |
| Minimum quotation time | 85 % of the trading period from 09:00 until 16:30 CET (monthly average) | |
| Contract months to be quoted | a) The first six expiration months<br>b) Per expiration month, calls and puts in seven strike prices (i.e. a total of 14 series) out of a window of nine strike prices nearest to the current index price within the maturity range have to be quoted | |

During the Fast Market phase, the minimum quote size is reduced by 50 percent and the maximum spread is increased by 100 percent.

The quote obligations will be available on the Eurex website www.eurexchange.com for download under the following link:

**Trading > Market model > Market-Making > Market Maker obligations**

## Revenue sharing schemes for Designated Market Makers and Permanent Market Makers

The existing revenue sharing scheme for Designated Market Makers (DMM) and Permanent Market Makers (PMM) will be extended by nine months from 1 April 2016 until 31 December 2016. The conditions of the revenue sharing scheme will be changed slightly as follows:

- The share in net revenue (transaction fees minus Market Maker rebates) is 20 percent of the net revenues generated in index futures or index options, respectively, on the RDX® USD index.
- Distribution takes place on a monthly basis to a maximum of three best Market Makers, provided all Market Maker obligations were fulfilled.
- The overall amount available for revenue sharing will be split at the end of the month between the eligible Market Makers based on their market share in the M-account as follows:

| | 1st ranked | 2nd ranked | 3rd ranked |
|---|---|---|---|
| **DMM/PMM** | 10 % | 5 % | 5 % |

- The market share is defined as the share in percent of the Market Maker's volume in the accumulated volume of all Market Makers participating in this revenue sharing scheme. The Market Maker's volume consists of contracts traded at Eurex Exchange and is calculated as follows:
    - **For futures on the RDX® USD index**:
      the overall volume of order book transactions in the M-account is considered.
    - **For options on the RDX® USD index**:
      the overall volume of order book and off-book trades in the M-account is considered.

21 March 2016

# Designated Market-Making Scheme for RDX® USD Index Futures

## Quote Obligations

| | |
|---|---|
| **Eurex code:** | **FRDX** |
| **Minimum size:** | 75 contracts on the bid and ask side, only in the first nearest expiration |
| **Maximum spread:** | 0.75 percent (based on bid price)<br><br>The spread classification will be reviewed on a monthly basis. |
| **Quotation period:** | 90 percent of the trading period from 09:00 to 16:30 CET on a monthly average |
| **Designated Market Maker Fees:** | **1 April 2016 to 31 December 2016:**<br>Fee refund for contracts traded on M-accounts, depending on fulfilment of the monthly requirements:<br>Orderbook transactions: 80 percent<br>Off-book transactions: 60 percent |

clear to trade

# eurex clearing *circular 034/16*

**Date:** 21 March 2016
**Recipients:** All Clearing Members of Eurex Clearing AG and Vendors
**Authorized by:** Heike Eckert

## Index derivatives on the RDX® USD: Extension of Market-Making scheme

**Related Eurex Circular:** 039/16

**Contact:** Derivatives Clearing Supervision, T +49-69-211-1 12 50, clearing@eurexclearing.com,
Risk Control, T +49-69-211-1 24 52, risk@eurexclearing.com

| **Content may be most important for:** | **Attachment:** |
|---|---|
| ➲ All departments | Designated Market-Making Agreement for RDX® USD Index Futures |


**Summary:**

Effective **1 April 2016**, the following measures of Eurex Clearing for futures and options on the RDX® USD index (FRDX, ORDX) will come into effect:

- Extension of the Designated Market-Making scheme for the product FRDX from 1 April 2016 until 31 December 2016.
- Provided the Market-Maker obligations in futures and options on the RDX® USD index were fulfilled, Designated Market Makers (DMMs) and Permanent Market Makers (PMMs) will receive a refund of the transaction fees for all transactions in these products executed on M-accounts. The amount will be 80 percent (previously 90 percent) for order book trades and 60 percent (previously 90 percent) for off-book trades.
- Extension of the revenue sharing programme for DMMs and PMMs from 1 April 2016 until 31 December 2016. The share in revenue (transaction fees minus Market Maker rebates) is 20 percent (previously 30 percent) of the net revenues generated in futures or options, respectively, on the RDX® USD index.

The relevant conditions and details as well as the exact parameters of the Designated Market-Making scheme and Permanent Market-Making scheme in the respective products can be found in Eurex circular 039/16.

In order to sign-up as DMM, please send the filled-out and signed form to Tobias Ehinger via fax +49-69-211-1 44 61 or via e-mail: tobias.ehinger@deutsche-boerse.com.



eurex clearing

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Erik Tim Müller

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Frankfurt/Main

**Please return by fax to:**

Tobias Ehinger
**Fax no. +49-69-211-1 44 61**

# Designated Market Maker Agreement for Futures on the RDX® USD Index

dated as of _____

1. Eurex Frankfurt AG ("EFAG") and Eurex Clearing AG ("ECAG") and

_____ ("Participant")
(name of Participant/Member ID)

hereby enter into this Designated Market Maker Agreement (the "Agreement") for the period from **1 April 2016 to 31 December 2016** under the conditions outlined below with respect to Futures on the RDX® USD index.

2. The Participant will

a) fulfil the Market-Making obligations as set out by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich ("Eurex Market-Making Obligations") and published via Eurex circular. The current Eurex Market-Making Obligations for Futures on RDX® USD were published in Eurex circular 039/16 and can be amended from time to time.

b) provide EFAG with the name of a manager, who has the authorisation and expertise necessary to fulfil the commitments required under the Eurex Market-Making Obligations.

c) provide EFAG with the name of a manager who has the authorisation and expertise necessary to take decisions and act as coordinator for the Participant, who will be available for EFAG and ECAG with respect to this Agreement.

d) inform EFAG in the event the Participant is or will be unable to fulfil the Eurex Market-Making Obligations without undue delay and at the latest within one business day.

3. ECAG will

a) refund 80 percent of all order book transaction and 60 percent of all off-book-transaction fees on Eurex Exchange for the contracts traded by the Designated Market Makers on M-accounts in the respective products up to and including **31 December 2016**. Refunds will be paid in full only if the Eurex Market-Making Obligations have been fulfilled in the month prior to the month in which they are applicable. No refunds will be made for contracts traded on A- or P-accounts.

4. EFAG and ECAG shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:

   a) The Participant does not comply with the Eurex Market-Making Obligations for four consecutive months counted as of the date of this Agreement. Conformance of the Participant with the Eurex Market-Making Obligations shall be monitored by EFAG. EFAG will determine in its sole discretion whether the Participant has fulfilled the Eurex Market-Making Obligations.

   b) The Participant does not comply with any other of its obligations stated under No. 2.

5. The Participant shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:

   a) A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned products.

   b) A significant change to the Eurex Market Making Obligations.

6. The Participant and EFAG and ECAG shall severally be entitled to terminate this Agreement without giving any reason with one calendar month's prior notice.

**SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)**

_____
Place, date

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

Please send the completed Agreement to the fax number indicated above.