X-pand into the Future

e u r e x *circular 034/14*

Date: 14 February 2014
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

⚠ **Action required**

Options on three-month EURIBOR futures: Introduction of one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures

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Content may be most important for:	**Attachments:**
Ü All departments	1. Updated sections of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich 2. Statement of Agreement for transfer of existing positions in products OEUH, OEUM, OEUU and OEUZ 3. Eurex Clearing circular 018/14

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG took the decision to introduce one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures effective **3 March 2014**.

Effective the same date, the current one-year EURIBOR Mid-Curve options with product codes OEUH, OEUM, OEUU and OEUZ will no longer be available for trading. These products will be tradable on 28 February 2014 for the last time. Existing positions after 28 February 2014 will be converted to the new one-year Mid-Curve options (OEM1). Impacted Trading Participants and Clearing Members are requested to return the signed Statement of Agreement (attachment 2) for transfer of the positions by 24 February 2014 the latest.

This circular contains all information on the introduction of the new products and the updated sections of the relevant Rules and Regulations of Eurex Deutschland and Eurex Zürich AG. Information especially on the clearing of the new products as well as the updated sections of the relevant Rules and Regulations of Eurex Clearing AG are contained in Eurex Clearing circular 018/14, which we are providing to our Trading Participants as attachment 3.

Options on three-month EURIBOR futures: Introduction of one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures

1. Introduction date

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to introduce one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures with effect from 3 March 2014.

2. Overview

Product	Product code	WKN	ISIN	Product type
One-year EURIBOR Mid-Curve Options	OEM1	A1YD8F	DE000A1YD8F3	OFIT
Two-year EURIBOR Mid-Curve Options	OEM2	A1YD8G	DE000A1YD8G1	OFIT
Three-year EURIBOR Mid-Curve Options	OEM3	A1YD8H	DE000A1YD8H9	OFIT
Four-year EURIBOR Mid-Curve Options	OEM4	A1YD8J	DE000A1YD8J5	OFIT

3. Contract specifications

Please see attachment 1 for the detailed contract specifications.

Underlying instruments	Three-month EURIBOR futures (FEU3)
Contract size	One three-month EURIBOR futures contract
Settlement	One-year EURIBOR Mid-Curve options: Upon exercise of a one-year EURIBOR Mid-Curve option a EURIBOR futures contract with an expiration date one year after the maturity of the one-year EURIBOR Mid-Curve option will be delivered. Two-year EURIBOR Mid-Curve options: Upon exercise of a two-year EURIBOR Mid-Curve option a EURIBOR futures contract with an expiration date two years after the maturity of the two-year EURIBOR Mid-Curve option will be delivered. Three-year EURIBOR Mid-Curve options: Upon exercise of a three-year EURIBOR Mid-Curve option a EURIBOR futures contract with an expiration date three years after the maturity of the three-year EURIBOR Mid-Curve option will be delivered. Four-year EURIBOR Mid-Curve options: Upon exercise of a four-year EURIBOR Mid-Curve option a EURIBOR futures contract with an expiration date four years after the maturity of the four-year EURIBOR Mid-Curve option will be delivered. Monthly maturities in all EURIBOR Mid-Curve options will be delivered with a EURIBOR futures contract of the following quarterly maturity of the respective year after the maturity of the options contract. The position will be opened on exercise day immediately after the post-trading full period on the basis of the agreed exercise price.
Price determination	In points, with three decimal places.
Minimum price change	0.005 points, corresponds to a value of EUR 12.50.

Contract months	Until and including the next six months and the two following months from the March, June, September and December cycle are available.
Last trading day	Two exchange trading days prior to the third Wednesday of the respective contract month, provided the European Banking Federation (EBF)/ACI calculates the reference interest rate EURIBOR relevant for three-month euro term money, otherwise the exchange trading day preceding that day. Close of trading for expiring option series on the last trading day is 11:00 CET.
Daily settlement price	The daily settlement price is determined by Eurex Exchange. For determination of the daily settlement price for options on three-month EURIBOR futures the binomial model according to Cox/Ross/Rubinstein is used.
Exercise time	Exercises are possible on every exchange trading day (American style) through-out the lifetime until the start of the post-trading restricted period (20:00 CET).
Exercise prices	Quarterly maturities have exercise prices with gradations of 0.125 points.
Option premium	Premium calculation is done according to the futures style method.

Delivery of the underlying three-month EURIBOR future will be done by means of a technical futures ID (FEM1, FEM2, FEM3 and FEM4). The technical futures IDs serve to transfer positions directly to the corresponding three-month EURIBOR futures contracts (FEU3) in case of deliveries. Neither trading nor generation of positions takes place in the technical underlying futures.

The following table contains an overview (by way of example for the selected delivery months June 2014 to December 2014) of three-month EURIBOR futures contracts to be delivered for one-year to four-year EURIBOR Mid-Curve options. Also the corresponding technical futures IDs to which the EURIBOR Mid-Curve options refer are shown:

Option	**Option's expiration**	**Maturity of the three-month EURIBOR futures contract (FEU3) to be delivered**	**Technical futures ID**
OEM1 Jun14	June 2014	June 2015	FEM1
OEM1 Jul 14	July 2014	September 2015	FEM1
OEM1 Aug 14	August 2014	September 2015	FEM1
OEM1 Sep 14	September 2014	September 2015	FEM1
OEM2 Sep 14	September 2014	September 2016	FEM2
OEM2 Dec 14	December 2014	December 2016	FEM2
OEM3 Dec 14	December 2014	December 2017	FEM3
OEM4 Dec 14	December 2014	December 2018	FEM4

The updated Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be published as of the introduction date of the new products on the Eurex website www.eurexchange.com under the link:

Resources > Rules and Regulations > Contract specifications

4. Delisting of existing one-year EURIBOR Mid-Curve options (OEUH, OEUM, OEUU, OEUZ) and transfer of existing positions to the new one-year EURIBOR Mid-Curve options with product code OEM1

The existing one-year EURIBOR Mid-Curve options with product codes OEUH, OEUM, OEUU and OEUZ will no longer be available for trading with effect from 3 March 2014. These products will be tradable on 28 February 2014 for the last time. Product OEM1 exactly replicates the existing contracts OEUH, OEUM, OEUU and OEUZ. Existing positions in these contracts will be transferred to the new one-year Mid-Curve options (OEM1) and will be available again for trading as of 3 March 2014 in product OEM1.

Important: Trading Participants should be aware that positions in the products OEUH, OEUM, OEUU and OEUZ which are opened after publication of the present circular will no longer be available after the close of trading on 28 February 2014. They will be transferred to product OEM1 where the corresponding positions will be available again for trading as of 3 March 2014.

We kindly ask impacted Trading Participants and Clearing Members to return the attached form (attachment 2) for transfer of the existing positions duly signed by 24 February 2014 to Joachim Heinz, fax no. +49-69-211-61 59 55 or e-mail: joachim.heinz@eurexchange.com.

5. Trading hours*

Products	Pre-trading	Trading	Post-Trading	OTC Trading
One-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures	07:30 – 08:00	08:00 – 19:00	19:00 – 20:00	08:00 – 19:00

* All trading hours are CET. On the last trading day, contracts are traded until 11:00 CET.

6. Trading calendar

The exact trading days can be found in the trading calendar which will be published on the Eurex website as of start of trading under the following link:

Trading > Trading calendar

7. Product group

The product group of the new products is as follows:

Products	Product group	Settlement location unit	Regulatory status	Settlement type	Product type	Product segment	Product currency	Product group code					
One-year to four-year EURIBOR Mid-Curve Options	Moneymarket Futures&Options in EUR	no	approved for trading in the U.S.	cash	F/O	Money Market	EUR	X	F	E	H	M	E

8. Transaction limits

For details on the limits, please refer to the Eurex website under the link:

Technology > Excessive System Usage Fee

9. Mistrade parameters

Mistrade ranges for the new options will be available for download on the Eurex website as of start of trading under the following link:

Products > Interest Rates Derivatives > Money Market Derivatives

10. Further information

Below, please find information on the new options, which is also contained in Eurex Clearing circular 018/14, enclosed in the present circular as attachment 3.

10.1. Admission for Block-Trading

The new Mid-Curve options will be admitted for the Block-Trade facility with the following Block-Trade size:

Product	**Minimum Block-Trade Size**
One-year to four-year EURIBOR Mid-Curve Options	50

Participants who are already registered for Block-Trading may use the respective functions for the new Mid-Curve options without any further action.

Participants wishing to use the EurexOTC Trade Entry Facilities for the first time should confirm their acceptance of the General Conditions for Participation by signing the appropriate form and returning it to Eurex Exchange. In addition, where the member firm is a Non-Clearing Member, its General Clearer must sign and return the General Clearer's Declaration Agreement at the same time. The necessary forms can be found on the Eurex website under the following link:

Resources > Forms > OTC Trade Entry

10.2. Transaction fees

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					
One-year to four-year EURIBOR Mid-Curve Options	EUR	0.20	n. a.		
OTC trades					
One-year to four-year EURIBOR Mid-Curve Options	EUR	0.20	n. a.		

For further details, please refer to the current Price List for Eurex Clearing AG on the Eurex website under the link:

Resources > Rules and Regulations > Price list

10.3. Risk parameters

As of start of trading, risk parameters of the new products will be published on the Eurex website under the link:

Market data > Clearing data > Risk parameters and initial margins

11. Incentive programme

No transaction fees will be charged for order book transactions and OTC transactions for the period of 3 March 2014 to 30 June 2014.

The EURIBOR Mid-Curve options will be available in simulation as of 17 February 2014.

Further information (vendor product codes etc.) will be available in due course prior to the introduction of the new products on the Eurex website under the link:

Products > Interest Rate Derivatives > Money Market Derivatives

14 February 2014

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[…]

2.2 Subpart: Contract Specifications for Option Contracts on Money Market Futures Contracts

The following subpart contains contract specifications for Option Contracts on Money Market Future Contracts.

2.2.1 Subject Matter of Contract

Options Contracts on Three-Month EURIBOR Futures involving the following subject matters of contract are available:

(1) A Three-Month EURIBOR Options Contract relates to a Three-Month EURIBOR Futures contract pursuant to subsection 1.1.3 paragraph (1) of the available Three-Month EURIBOR Futures months with specified terms.

(2) A One-Year EURIBOR Mid-Curve Options Contract (OEM1) relates to a Three-Month EURIBOR Futures Contract (FEU3) according to Number 1.1.3 Paragraph 1 with ~~a yearly expiration cycle and~~ an expiration ~~twelve months~~one year after the end of the term of the Options Contract. Therefore, upon exercise of One-Year EURIBOR-Mid-Curve Options, a EURIBOR Futures Contract with an expiration ~~twelve months~~one year after the end of the term of the One-Year EURIBOR Mid-Curve Options Contract shall be delivered.~~:~~

Monthly expirations in One-Year EURIBOR Mid-Curve Options Contracts relate to a EURIBOR Futures Contract with the next quarterly expiration one year after the end of the term of the Options Contract.

(3) A Two-Year EURIBOR Mid-Curve Options Contract (OEM2) relates to a Three-Month EURIBOR Futures Contract (FEU3) according to Number 1.1.3 Paragraph 1 with an expiration two years after the end of the term of the Options Contract. Therefore, upon exercise of Two-Year EURIBOR-Mid-Curve Options, a EURIBOR Futures Contract with an expiration two years after the end of the term of the Two-Year EURIBOR Mid-Curve Options Contract shall be delivered.

Monthly expirations in Two-Year EURIBOR Mid-Curve Options Contracts relate to a EURIBOR Futures Contract with the next quarterly expiration two years after the end of the term of the Options Contract.

(4) A Three-Year EURIBOR Mid-Curve Options Contract (OEM3) relates to a Three-Month EURIBOR Futures Contract (FEU3) according to Number 1.1.3 Paragraph 1 with an expiration three years after the end of the term of the Options Contract. Therefore, upon exercise of Three-Year EURIBOR-Mid-Curve Options, a EURIBOR Futures Contract with an expiration three years after the end of the term of the Three-Year EURIBOR Mid-Curve Options Contract shall be delivered.

Monthly expirations in Three-Year EURIBOR Mid-Curve Options Contracts relate to a EURIBOR Futures Contract with the next quarterly expiration three years after the end of the term of the Options Contract.

(5) A Four-Year EURIBOR Mid-Curve Options Contract (OEM4) relates to a Three-Month EURIBOR Futures Contract (FEU3) according to Number 1.1.3 Paragraph 1 with an expiration four years after the end of the term of the Options Contract. Therefore, upon exercise of Four-Year EURIBOR-Mid-Curve Options, a EURIBOR Futures Contract with an expiration four years after the end of the term of the Four-Year EURIBOR Mid-Curve Options Contract shall be delivered.

Monthly expirations in Four-Year EURIBOR Mid-Curve Options Contracts relate to a EURIBOR Futures Contract with the next quarterly expiration four years after the end of the term of the Options Contract.

This is a sample overview of selected EURIBOR Mid-Curve Options Contracts, their end of terms, the EURIBOR Futures Contract to be delivered and the technical ID used:

Product	Procuct ID	End of Term of Option	Expiration of the Futures Contract to be delivered (FEU3)	Technical ID
One-Year EURIBOR Mid-Curve Options Contract	OEM1 Jun 201X*	June 201X	June 201X+1	FEM1~~UM~~

(quarterly expiration)				
One-Year EURIBOR Mid-Curve Options Contract (quarterly expiration)	OEM1 Sep 201X*	September 201X	September 201X+1	FEM1EU
One-Year EURIBOR Mid-Curve Options Contract (quarterly expiration)	OEM1 Dec 201X*	December 201X	December 201X+1	FEM1UZ
One-Year EURIBOR Mid-Curve Options Contract (quarterly expiration)	OEM1 MarMrz 201X*	March 201X	March 201X+1	FEM1UH
One-Year EURIBOR Mid-Curve Options Contract (monthly expiration)	OEM1 Apr 201X	April 201X	June 201X+1	FEM1
Two-Year EURIBOR Mid-Curve Options Contract (monthly expiration)	OEM2 Marrz 201x*	March 201X	March 201X+2	FEM2
Three-Year EURIBOR Mid-Curve Options Contract (quarterly expiration)	OEM3 Marrz 201x*	March 201X	March 201X+3	FEM3
Four-Year EURIBOR Mid-Curve Options Contract (quarterly expiration)	OEM4 Marrz 201X*	March 201X	March 201X+4	FEM4

* In this case, „X“ is defined by the relevant year in which the EURIBOR Mid-Curve Options Contract expires (X=4 for expirations of EURIBOR Mid-Curve Option in 2014).

The technical Futures' IDs (FEM1, FEM2, FEM3, FEM4) have been allocated to enable, in the case of delivery, direct delivery to the respective Three-Month EURIBOR Futures Contract (FEU3). There is no trading and no position generation in the technical Underlying Futures.

2.2.2 Call Option (Call)

(1) The purchaser of a call option (Call) on a Three-Month EURIBOR Futures contract has the right to demand the opening of a long position in the Three-Month EURIBOR Futures contract with the stipulated exercise price.

(2) The writer of a call on a Three-Month EURIBOR Futures contract is required, on the Exchange day after exercise, to establish a short position in the Three-Month EURIBOR Futures contract with the stipulated exercise price.

2.2.3 Put Option (Put)

(1) The purchaser of a put option (Put) on a Three-Month EURIBOR Futures contract has the right to demand the opening of a short position in the Three-Month EURIBOR Futures contract with the stipulated exercise price.

(2) The writer of a put on a Three-Month EURIBOR Futures contract is required, on the Exchange day after exercise, to establish a long position in the Three-Month EURIBOR Futures contract with the stipulated exercise price.

2.2.4 Option Premiums

The premium payment is not made through a one-time payment after the purchase of the option; instead it is part of the daily settlement process during the duration of the option position based on a mark-to-market valuation of the position on each Exchange day. The valuation is made on the day on which the transaction is entered into on the basis of the difference between the option price and the daily settlement price (Chapter II, number 3.2.3 of the Clearing Conditions of Eurex Clearing AG), and thereafter on the basis of the difference between the daily settlement prices of the current Exchange day and the preceding Exchange day. The daily settlement may also result in an interim debit of the writer.

Upon exercise and assignment of the option, as well as upon its expiration, a final premium payment shall be made in an amount equivalent to the daily settlement price of the options contract on the exercise day or the expiration day, as the case may be.

2.2.5 Term

Three-Month Options Contracts are generally available at the Eurex Exchanges with terms of the six next months as well as six succeeding months of the cycle March, June, September and December. The due months of the underlying future and of the expiration month of the option are identical in the expiration months March, June, September and December (quarterly month); in the other expiration months, the due month of the underlying future is the cyclic quarterly month following the expiration month of the option.

For One-Year to Four-Year EURIBOR Mid-Curve Options Contracts (OEM1, OEM2, OEM3 and OEM4), terms consisting of the next ~~four~~ six ~~quarterly expiration~~ months as well as two succeeding months of the cycle March, June, September and December are available.

2.2.6 Last Trading Day, Close of Trading

The last trading day of an option series shall be the last day on which such option series is available to Exchange Participants for trading and clearing through the EDP system of the Eurex Exchanges. This shall be the second Exchange day prior to the third Wednesday of the relevant performance month (quarter-end month pursuant to paragraph subsection 1.1.3 paragraph (1) - provided that on this day the European Banking Federation (FBE) and Financial Market Association (ACI) have determined the reference interest rate EURIBOR for three-month cash deposits, otherwise the preceding Exchange day.

The close of trading for the expiring contract is 11:00 a.m. CET.

2.2.7 Exercise Prices

For the option series, exercise prices with price gradations of 0.125 percentage points are available. A percentage point has a value of EUR 2,500 and represents 200 ticks in the EDP system of the Eurex Exchanges.

2.2.8 Number of Exercise Prices upon Admission of Contracts

Upon the admission of a contract, at least twenty-five exercise prices shall be made available for trading for each expiration day for each call and put, such that twelve exercise prices are "in the money", one is "at the money" and twelve are "out of the money".

2.2.9 Introduction of new Option Series

Option series with new exercise prices shall be introduced for an existing expiration month no later than at the beginning of the Pre-Trading Period of a given Exchange day in the event that the minimum number of exercise prices specified in number 2.2.8 which are in-the-money, at-the-money or out-of-the-money on the basis of the daily settlement price of the underlying three-months EURIBOR Futures contract (Chapter II,

number 1.2.2 of the Clearing Conditions of Eurex Clearing AG) is not available any more.

A new option series shall generally not be introduced if it would expire in fewer than ten Exchange days, unless market conditions make such introduction necessary.

2.2.10 Price Gradations

The price of an options contract will be quoted in points with 3 decimal places. The smallest price change shall be 0.005 percentage points; this represents a value of EUR 12.50.

2.2.11 Performance, Opening of Positions

(1) Exercised and assigned options contracts shall be performed through the opening of a long position (for the purchaser of a call) or a short position (for the purchaser of a put), or of a short position (for the writer of a call) or a long position (for the writer of a put), as the case may be, subsequent to the Post Trading Period of the exercise day; the opening of the applicable position shall occur automatically.

(2) Pursuant to the provisions of paragraph (1), Eurex Clearing AG shall open a position in the relevant futures contract for the Exchange Participant concerned; if the Exchange Participant is not a Clearing Member, subsection 2.2 paragraph (2) of the Conditions for Trading at Eurex Deutschland and Eurex Zürich shall apply mutatis mutandis. The Exchange Participant shall have the corresponding obligation to its customers.

(3) The applicable provisions of subsection 1.1. shall govern the futures position opened.

2.3 Subpart: Contract Specifications for Options Contracts on Fixed Income Futures Contracts

[…]

Einverständniserklärung

zwischen der

Eurex Clearing AG
Mergenthalerallee 61
65760 Eschborn

– nachfolgend „ECAG“ genannt –

und

Unternehmensname

Anschrift

_____

– nachfolgend „Vertragspartner“ genannt –

Präambel

Die unter § 1 benannten EURIBOR Mid-Curve Optionen stehen am 28. Februar 2014 letztmalig zum Handel zur Verfügung. Ab dem 3. März 2014 stehen die genannten Produkte unter dem Produktkürzel OEM1 zum Handel zur Verfügung. Mit diesem Vertrag vereinbaren die Parteien den Transfer der alten Positionen unter den alten Produktkürzeln in das neue Produkt mit dem neuen Produktkürzel. Die bestehenden Geschäfte über die in der Anlage 1 genannten Optionen werden dabei wirtschaftlich exakt abgebildet.

§ 1 Gegenstand dieses Vertrags sind an der Eurex Deutschland und der Eurex Zürich abgeschlossene Geschäfte zwischen dem Vertragspartner und der ECAG über die in der

Statement of Agreement

between

Eurex Clearing AG
Mergenthalerallee 61
65760 Eschborn

– hereinafter referred to as ECAG –

and

Company name

Address

_____

– hereinafter referred to as “counterparty“ –

Preamble

The EURIBOR Mid-Curve Options mentioned in § 1 will be available for trading ultimately on 28 February 2014. As of March 3, 2014 the affected products will be tradable under the product code OEM1. Under this agreement the parties agree the transfer of positions under the old product codes to the new product with the new product code. The existing positions as set out in Attachment 1 will be economically exactly replicated.

§ 1 Subject matter of this agreement are the options transactions on Eurex Deutschland and Eurex Zürich according to Attachment 1 in One-Year EURIBOR Mid-Curve Options (OEUH, OEUM,

Einverständniserklärung

Anlage 1 genannten Optionen in einjährigen EURIBOR Mid-Curve Optionen (OEUH, OEUM, OEUU und OEUZ).

§ 2 Der Vertragspartner und die ECAG vereinbaren, dass die unter § 1 benannten Geschäfte per 3. März 2014 (einjährige EURIBOR Mid-Curve Optionen) in das Produkt OEM1 umgebucht werden.

Positionstransfer OEUH, OEUM, OEUU und OEUZ nach OEM1		
Produkt	**Alte Produkt ID (bis 28. Februar 2014)**	**Neue Produkt ID (ab 03. März 2014)**
1Y März-Mid-Curve Optionen	OEUH	OEM1 Mar
1Y Juni-Mid-Curve Optionen	OEUM	OEM1 Jun
1Y September Mid-Curve Optionen	OEUU	OEM1 Sep
1Y Dezember Mid-Curve Optionen	OEUZ	OEM1 Dec

§ 3 Ist der Vertragspartner als Clearing-Mitglied der Eurex Clearing AG für Dritte Unternehmen (Handelsteilnehmer der Eurex Deutschland und Eurex Zürich) tätig und haben diese Unternehmen in § 1 genannte Geschäfte abgeschlossen, so stellt der Vertragspartner durch entsprechende Vereinbarung mit dem Dritten sicher, dass die Vertragsbedingungen gemäß § 2 entsprechend auch zwischen ihm und dem Dritten Anwendung finden.

Vertragspartner

_____

Ort, Datum

_____

Unterschrift

_____

Unterschrift

Statement of Agreement

OEUU and OEUZ).

§ 2 The counterparty and ECAG agree to rebook the options transactions mentioned in § 1 as of March 3, 2014 into the product OEM1 (One-Year EURIBOR Mid-Curve Options).

Position Transfer OEUH, OEUM, OEUU and OEUZ to OEM1		
Product	**Old Product ID (until February 28, 2014)**	**New Product ID (as of March 03, 2014)**
1Y March-Mid-Curve Options	OEUH	OEM1 Mar
1Y June-Mid-Curve Options	OEUM	OEM1 Jun
1Y September Mid-Curve Options	OEUU	OEM1 Sep
1Y December Mid-Curve Options	OEUZ	OEM1 Dec

§ 3 A counterparty who is a clearing member of ECAG for third parties (Exchange Members of Eurex Deutschland and Eurex Zürich) is obliged to ensure by respective agreement with the third party, that the conditions mentioned in § 2 also apply to the transactions within the meaning of § 1 between such counterparty and the third party.

Counterparty

_____

Place, date

_____

Signature

_____

Signature

clear to trade

e u r e x c l e a r i n g *circular 018/14*

Date: 14 February 2014
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

⚠ **Action required**

Options on three-month EURIBOR futures: Clearing of one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures

Contact: Derivatives Clearing, 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:

Ü All departments

Attachments:

1. Updated sections of the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation)
2. Updated sections of the Price List for Eurex Clearing AG
3. Statement of Agreement for transfer of existing positions in products OEUH, OEUM, OEUU and OEUZ

Summary:

Effective **3 March 2014,** Eurex Clearing will extend its clearing services to one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures introduced at Eurex Exchange.

Effective the same date, the current one-year EURIBOR Mid-Curve options with product codes OEUH, OEUM, OEUU and OEUZ will no longer be available for trading at Eurex Exchange. Upon submission of the Statement of Agreement for transfer of existing positions in products OEUH, OEUM, OEUU and OEUZ (attachment 3), existing positions will be converted to the new one-year Mid-Curve options (OEM1).

This circular provides information on the clearing of the newly introduced products and the updated sections of the relevant rules and regulations of Eurex Clearing AG. Specific information on the introduction of the new products as well as the updated sections of the relevant rules and regulations of Eurex Deutschland and Eurex Zürich AG can be retrieved from Eurex circular 034/14.

eurex clearing

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65760 Eschborn
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Germany

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Chairman of the
Supervisory Board:
Hugo Bänziger

Executive Board:
Thomas Book (CEO),
Heike Eckert, Thomas Laux,
Erik Tim Müller, Andreas Preuss

Aktiengesellschaft mit
Sitz in Frankfurt/Main
HRB Nr. 44828
USt-IdNr. DE194821553
Amtsgericht
Frankfurt/Main

Options on three-month EURIBOR futures: Clearing of one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures

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This circular provides information on the clearing of the newly introduced products and the updated sections of the relevant rules and regulations of Eurex Clearing AG. Specific information on the introduction of the new products as well as the updated sections of the relevant rules and regulations of Eurex Deutschland and Eurex Zürich AG can be retrieved from Eurex circular 034/14.

Product	Product code	WKN	ISIN	Product type
One-year EURIBOR Mid-Curve Options	OEM1	A1YD8F	DE000A1YD8F3	OFIT
Two-year EURIBOR Mid-Curve Options	OEM2	A1YD8G	DE000A1YD8G1	OFIT
Three-year EURIBOR Mid-Curve Options	OEM3	A1YD8H	DE000A1YD8H9	OFIT
Four-year EURIBOR Mid-Curve Options	OEM4	A1YD8J	DE000A1YD8J5	OFIT

1. Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation)

The modified sections for the General Conditions for Participation can be found as attachment 1 to this circular.

Admission for Block Trading

The new one-year to four-year EURIBOR Mid-Curve options on three-month EURIBOR futures will be admitted for the Block-Trade facility with the following Block-Trade size:

Product	Minimum Block-Trade Size
One-year to four-year EURIBOR Mid-Curve Options	50

Participants who are already registered for Block-Trading may use the respective functions for the new Mid-Curve options without any further action.

Participants wishing to use the EurexOTC Trade Entry Facilities for the first time should confirm their acceptance of the General Conditions for Participation by signing the appropriate form and returning it to Eurex Exchange. In addition, where the member firm is a Non-Clearing Member, its General Clearer must sign and return the General Clearer's Declaration Agreement at the same time. The necessary forms can be found on the Eurex website under the following link:

Resources > Forms > OTC Trade Entry

2. Transaction fees

The following fees apply to trading, clearing and settlement of Mid-Curve options on three-month EURIBOR 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					
One-year to four-year EURIBOR Mid-Curve Options	EUR	0.20	n. a.		
OTC trades					
One-year to four-year EURIBOR Mid-Curve Options	EUR	0.20	n. a.		

For the period of 3 March 2014 to 30 June 2014, no fees will be charged for on-exchange trades and OTC trades.

For further details, please refer to attachment 2 or to the current Price List of for Eurex Clearing AG on the Eurex Clearing website www.eurexclearing.com under the link:

Resources > Rules and Regulations > Price list

3. Delisting of existing one-year EURIBOR Mid-Curve options (OEUH, OEUM, OEUU, OEUZ) and transfer of existing positions to the new one-year EURIBOR Mid-Curve options with product code OEM1

The existing one-year EURIBOR Mid-Curve options with product codes OEUH, OEUM, OEUU and OEUZ will no longer be available for trading with effect from 3 March 2014. These products will be tradable on 28 February 2014 for the last time. Product OEM1 exactly replicates the existing contracts OEUH, OEUM, OEUU and OEUZ. Upon submission of the Statement of Agreement for transfer of existing positions in these contracts, they will be transferred to the new one-year Mid-Curve options (OEM1) and will be available again for trading as of 3 March 2014 in product OEM1.

At the same time, we hereby inform Trading Participants that positions in the products OEUH, OEUM, OEUU and OEUZ which are opened after publication of the present circular will no longer be available after the close of trading on 28 February 2014. Upon submission of the Statement of Agreement for transfer of existing positions in products OEUH, OEUM, OEUU and OEUZ (attachment 3), they will be transferred to product OEM1 where the corresponding positions will be available again for trading as of 3 March 2014.

We kindly ask impacted Clearing Members and Trading Participants to return the attached form (attachment 3) for the transfer of existing positions duly signed by 24 February 2014 to Joachim Heinz, fax no. +49-69-211-61 59 55 or e-mail: joachim.heinz@eurexclearing.com.

4. Trading hours*

Products	Pre-trading	Trading	Post-Trading	OTC Trading
One-year to four-year EURIBOR Mid-Curve Options on three-month EURIBOR futures	07:30 – 08:00	08:00 – 19:00	19:00 – 20:00	08:00 – 19:00

***** All trading hours are CET. On the last trading day, contracts are traded until 11:00 CET.

Pursuant to Number 16 Paragraph 3 of the Price List for Eurex Clearing AG (Price List), the amendments and additions 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.

14 February 2014

****

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

****

[…]

9 Admitted Products, Combinations and Combination Transactions Option-Share

[…]

9.4 Block-Trade-Facility

Eurex Clearing AG has admitted the products listed in the following to the Block Trade Facility. Such admission is independent from the respective transactions being entered into the Eurex Clearing System within the scope of an options strategy, an options volatility strategy or as a Combination Transaction Option-Share, consisting of OTC options transactions and OTC securities transactions..

9.4.1 Admitted Products:

Product	Minimum number of tradable contracts
[…]	
Options Contracts on a Three-Month EURIBOR Future (OEU3)	50
~~One-Year Mid-Curve Options Contracts on Three-Month EURIBOR Futures (OEUH, OEUM, OEUU, OEUZ)~~	~~50~~
One-Year, Two-Year, Three-Year and Four-Year Mid-Curve Options Contracts on the Three-Month EURIBOR-Futures (OEM1, OEM2, EEM3, OEM4)	50
[…]	

[…]

Annex A to the General Conditions for Participation:

OTC Periods of Use (all times in CET)

[…]

Options Contracts

Options Contracts on Money Market Futures Contracts

Product	Product-ID	Start-End
Options Contracts on		
Three-Month EURIBOR Futures	OEU3	08:00-19:00
~~One-Year Mid-Curve Options Contracts on Three-Month EURIBOR Futures~~	~~OEUH, OEUM, OEUU, OEUZ~~	~~08:00-19:00~~
One-Year, Two-Year, Three-Year and Four-Year Mid-Curve-Options Contracts on the Three-Month EURIBOR Futures	OEM1, OEM2, OEM3, OEM4	08:00-19:00

[…]

****

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED.

DELETIONS ARE CROSSED OUT.

****

[…]

3. Transaction Fees for Derivatives Transactions (Transactions on the Eurex Exchanges and OTC-Transactions)

[…]

3.1 Matching / Recording of Derivatives Transactions (Trade)

3.1.1 Exchange Transactions (excluding Block Auction)

[…]

Contract *	**Currency**	**Standard Fee per Contract** (contract volume ≤ threshold)	**Reduced Fee per Contract** (contract volume > threshold)	**Threshold A-Accounts** (number of contracts)	**Threshold P-Accounts** (number of contracts)
[…]					
Equity Index Derivatives					
Futures					
[…]					
Options					
[…]					
Options on Three-Month EURIBOR Future, One-Year, Two-Year, Three-Year and Four-Year EURIBOR Mid-Curve Options on Three-Month EURIBOR Future	EUR	0.20	n.a.		
[…]					

[…]

3.1.3 OTC Transactions

[…]

Contract	**Currency**	**Standard Fee per Contract** (contract volume ≤ threshold)	**Reduced Fee per Contract** (contract volume > threshold)	**Threshold A-Accounts** (number of contracts)	**Threshold P-Accounts** (number of contracts)
[…]					
Interest Rate Derivatives					
Futures					
[…]					
Options					
[…]					
Options on Three-Month EURIBOR Futures, One-Year, Two-Year, Three-Year and Four-Year EURIBOR Mid-Curve Options on Three-Month EURIBOR Future	EUR	0.20	n. a.		
[…]					

3.2 Rebates

3.2.1 Market Making Rebates for Products without Market Making in Option Strategies

[…]

Product / Product Group	**RMM and PMM schemes**		**AMM schemes**	
	Order Book and Exercises	OTC entries	Order Book and Exercises	OTC entries
[…]				
Options on Three-Month EURIBOR Future, One-Year, Two-Year, Three-Year and Four-Year EURIBOR Mid-Curve Options on Three-Month EURIBOR Future	80 %	80 %	n. a.	n. a.
[…]				

3.2.3 Volume Rebates

[…]

Options:

When calculating the minimum number of contracts to be taken into account, exchange transactions pursuant to number 3.1.1 and OTC transactions pursuant to number 3.1.3 are taken into account.

Product / Product Group	Level 1	Level 2	Level 3	Level 4	Level 5
	Minimum number of contracts				
[…]					
Interest Rate Derivatives					
Options on Three-Month EURIBOR Future, One-Year, Two-Year, Three-Year and Four-Year EURIBOR Mid-Curve Options on Three-Month EURIBOR Future	15,001	30,001	60,001	120,001	240,001
[…]					

[…]

3.3 Position Closing Adjustments

Position Closing Adjustments, if these do not take place between 13:30 CET on the day of trade and before 13:30 CET of the following trading day:

Contract	Fee per Contract	
[…]		
Interest Rate Derivatives		
[…]		
One-month EONIA Futures	EUR	0.40
Three month-EURIBOR Futures	EUR	0.40
Options on Three-Months EURIBOR Future, One-Year, Two-Year, Three-Year and Four-Year EURIBOR Mid-Curve Options on Three-Month EURIBOR Future Euro-Bobl-Futures, Euro-BTP-Futures	EUR	0.40

Contract	Fee per Contract
Mid-Term-Euro-BTP Futures, Short-Term-Euro-BTP Futures, Euro-Bund-Futures, Euro-Buxl®-Futures, Euro-OAT-Futures, Mid-Term-Euro-OAT Futures Euro Schatz-Futures, Options on Euro-Bobl-Futures, Options on Euro-Bund-Futures, Options on Euro-Schatz-Futures, Options on Euro-OAT Futures	
[…]	

3.7 Exercise of Options

Contract	Fee per Contract
[…]	
Interest Rate Derivatives**	
[…]	
Options on Three-Months EURIBOR Future, One-Year, Two-Year, Three-Year and Four-Year EURIBOR Mid-Curve Options on Three-Month EURIBOR Future	EUR 0.20
[…]	

** For transactions carried out after the option in the resulting Futures contract was exercised, the fees for the Futures on which such options are based shall be applicable respectively.

[…]

Einverständniserklärung

zwischen der

Eurex Clearing AG
Mergenthalerallee 61
65760 Eschborn

– nachfolgend „ECAG“ genannt –

und

Unternehmensname

Anschrift

_____

– nachfolgend „Vertragspartner“ genannt –

Präambel

Die unter § 1 benannten EURIBOR Mid-Curve Optionen stehen am 28. Februar 2014 letztmalig zum Handel zur Verfügung. Ab dem 3. März 2014 stehen die genannten Produkte unter dem Produktkürzel OEM1 zum Handel zur Verfügung. Mit diesem Vertrag vereinbaren die Parteien den Transfer der alten Positionen unter den alten Produktkürzeln in das neue Produkt mit dem neuen Produktkürzel. Die bestehenden Geschäfte über die in der Anlage 1 genannten Optionen werden dabei wirtschaftlich exakt abgebildet.

§ 1 Gegenstand dieses Vertrags sind an der Eurex Deutschland und der Eurex Zürich abgeschlossene Geschäfte zwischen dem Vertragspartner und der ECAG über die in der Anlage 1 genannten Optionen in einjährigen EURIBOR Mid-Curve Optionen (OEUH, OEUM,

Statement of Agreement

between

– hereinafter referred to as ECAG –

and

Company name

Address

– hereinafter referred to as “counterparty“ –

Preamble

The EURIBOR Mid-Curve Options mentioned in § 1 will be available for trading ultimately on 28 February 2014. As of March 3, 2014 the affected products will be tradable under the product code OEM1. Under this agreement the parties agree the transfer of positions under the old product codes to the new product with the new product code. The existing positions as set out in Attachment 1 will be economically exactly replicated.

§ 1 Subject matter of this agreement are the options transactions on Eurex Deutschland and Eurex Zürich according to Attachment 1 in One-Year EURIBOR Mid-Curve Options (OEUH, OEUM, OEUU and OEUZ).

Einverständniserklärung

OEUU und OEUZ).

§ 2 Der Vertragspartner und die ECAG vereinbaren, dass die unter § 1 benannten Geschäfte per 3. März 2014 (einjährige EURIBOR Mid-Curve Optionen) in das Produkt OEM1 umgebucht werden.

Positionstransfer OEUH, OEUM, OEUU und OEUZ nach OEM1		
Produkt	**Alte Produkt ID (bis 28. Februar 2014)**	**Neue Produkt ID (ab 03. März 2014)**
1Y März-Mid-Curve Optionen	OEUH	OEM1 Mar
1Y Juni-Mid-Curve Optionen	OEUM	OEM1 Jun
1Y September Mid-Curve Optionen	OEUU	OEM1 Sep
1Y Dezember Mid-Curve Optionen	OEUZ	OEM1 Dec

§ 3 Ist der Vertragspartner als Clearing-Mitglied der Eurex Clearing AG für Dritte Unternehmen (Handelsteilnehmer der Eurex Deutschland und Eurex Zürich) tätig und haben diese Unternehmen in § 1 genannte Geschäfte abgeschlossen, so stellt der Vertragspartner durch entsprechende Vereinbarung mit dem Dritten sicher, dass die Vertragsbedingungen gemäß § 2 entsprechend auch zwischen ihm und dem Dritten Anwendung finden.

Vertragspartner

_____

Ort, Datum

_____

Unterschrift

_____

Unterschrift

Statement of Agreement

§ 2 The counterparty and ECAG agree to rebook the options transactions mentioned in § 1 as of March 3, 2014 into the product OEM1 (One-Year EURIBOR Mid-Curve Options).

Position Transfer OEUH, OEUM, OEUU and OEUZ to OEM1		
Product	**Old Product ID (until February 28, 2014)**	**New Product ID (as of March 03, 2014)**
1Y March-Mid-Curve Options	OEUH	OEM1 Mar
1Y June-Mid-Curve Options	OEUM	OEM1 Jun
1Y September Mid-Curve Options	OEUU	OEM1 Sep
1Y December Mid-Curve Options	OEUZ	OEM1 Dec

§ 3 A counterparty who is a clearing member of ECAG for third parties (Exchange Members of Eurex Deutschland and Eurex Zürich) is obliged to ensure by respective agreement with the third party, that the conditions mentioned in § 2 also apply to the transactions within the meaning of § 1 between such counterparty and the third party.

Counterparty

_____

Place, date

_____

Signature

_____

Signature