

clear to trade



eurex clearing circular 101/15

Date: 8 September 2015
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

Euro-BONO-Futures: Introduction of futures contracts on long-term Spanish government bonds

Related Eurex Circular: 158/15

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Content may be most important for:

➔ All departments

Attachments:

Updated sections of the following Rules and Regulations:

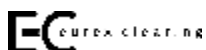
1. Clearing Conditions for Eurex Clearing AG
2. Price List for Eurex Clearing AG
3. Conditions for Utilization of the Eurex Trade Entry Services (General Conditions for Participation)

Summary:

Effective **26 October 2015**, Eurex Clearing will offer clearing services for futures contracts on notional long-term debt securities of the Kingdom of Spain („Obligaciones del Estado“), “Euro-BONO-Futures“ introduced at Eurex Exchange. Simultaneously, Eurex Clearing initiates a fee rebate and revenue sharing programme for these future contracts.

This circular contains information on clearing of this product and the updated sections of the relevant Rules and Regulations of Eurex Clearing which will come into effect on 26 October 2015.

For further trading-related information as well as the configuration of the fee rebate and revenue sharing programme, please refer to Eurex circular 158/15.



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HRB Nr. 44828
USt-IdNr. DE194821553
Amtsgericht
Frankfurt/Main

Euro-BONO-Futures: Introduction of futures contracts on long-term Spanish government bonds

1. Introduction date

Effective 26 October 2015, Eurex Clearing will offer clearing services for futures contracts on notional long-term debt securities of the Kingdom of Spain („Obligaciones del Estado“), “Euro-BONO-Futures“ introduced at Eurex Exchange. Simultaneously, Eurex Clearing initiates a fee rebate and revenue sharing programme for these future contracts.

This circular contains information on clearing of this product and the updated sections of the relevant Rules and Regulations of Eurex Clearing which will come into effect on 26 October 2015.

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2. Product information

Contract specifications:

Underlying instrument	Notional long-term bond of the Kingdom of Spain with a remaining term of 8.5 to 10.5 years and an original term of no more than 20 years and a coupon of 6 percent.
Eurex product code	FBON
ISIN	DE000A163W29
Contract value	EUR 100,000
Settlement	On delivery day, a delivery obligation arising out of a short position in a Euro-BONO-Futures contract can only be fulfilled by the delivery of certain debt securities, i.e. bonds issued by the Kingdom of Spain with a remaining term of 8.5 to 10.5 years and an original term of no more than 20 years. Such debt securities must have a minimum issue volume of EUR 5 bn already ten exchange days before the last trading day of the current month. Otherwise, they will not be deliverable until delivery day of the current expiration month. Settlement of Spanish government bonds in case of physical delivery will be done via Clearstream Banking Luxembourg.
Price determination	In percent of the nominal value, with two decimal places.
Minimum price change	0.01 percent; this equals a value of EUR 10.
Delivery day	The tenth calendar day of the respective quarterly month, if this day is an exchange trading day, otherwise the following exchange trading day.
Contract months	The next three quarterly months of the cycle March, June, September and December.
Last trading day	Two exchange trading days before the delivery day of the respective delivery month. End of trading for the maturing delivery month is 12:30 CET.

Daily settlement price	<p>The daily settlement price for the current maturity month is derived from the volume-weighted average of the prices of all transactions of the respective contract during the minute before 17:15 CET (reference point), provided that more than five trades were concluded within this period.</p> <p>For the remaining contract months the daily settlement price for a contract is determined based on the average bid/ask spread of the combination order book.</p>
Final settlement price	<p>The final settlement price is determined by Eurex Clearing on the final settlement day at 12:30 CET, based on the volume-weighted average price of all trades during the final minute of trading on an exchange trading day provided that more than ten trades occurred during this minute. Otherwise, the final settlement price will be established from the volume-weighted average price of the last ten trades of the day, provided that these are not older than 30 minutes. If such a price cannot be determined, or does not reasonably reflect the prevailing market conditions, Eurex Clearing will establish the final settlement price.</p>

3. Clearing Conditions

The updated sections of the Clearing Conditions for Eurex Clearing AG can be found in attachment 1.

As of 26 October 2015, the updated versions of the rules and regulations of Eurex Clearing AG mentioned in this circular will be available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

Resources > Rules and Regulations

4. Transaction fees

Transaction fees for trading Euro-BONO-Futures are EUR 0.20 per contract for matching of order book transactions and EUR 0.30 per contract for entering trades via the Eurex Trade Entry Services.

Additionally to the launch, a fee rebate programme will be offered where Designated Market Makers will receive a 100 percent refund for concluded trades on M-accounts in Euro BONO futures from 26 October 2015 to 30 September 2016 if the quotation parameters are fulfilled. Furthermore, a revenue sharing programme will be offered where Designated Market Makers can receive up to 50 percent of the net trading revenues of the Euro BONO futures of Eurex Clearing in the period from 26 October 2015 to 30 September if they fulfill the requirements. As far as the conditions of the liquidity period are fulfilled, the DMM-programme will be prolonged until 30 July 2017.

Please refer to attachment 2 for the updated sections of the Price List for Eurex Clearing AG.

5. Utilization of the Eurex Trade Entry Services

Euro-BONO-Futures will be admitted to the services Exchange for Physicals (EFP-Fin Trade facility), Exchange for Swaps (EFS Trade facility) and the Eurex Block Trade facility. Minimum size of tradable contracts for utilization of the Block Trade facility will be 250 contracts.

The Conditions for Utilization of the Eurex Trade Entry Services (General Conditions for Participation) were modified accordingly (see attachment 3).

6. Trading hours (CET)

Trading Hours for the Euro-BONO-Future are as follows:

Product	Pre-Trading Period	Continuous Trading	Post-Trading Full Period	TES-Trading	Last trading day
Euro-BONO-Futures	07:30-08:00	08:00-19:00	19:00-19:30	8:00-19:00	8:00-12:30

7. Product group

The Euro-BONO-Futures will be assigned to the following product group:

Product group	Settlement location unit	Regulatory status	Settlement type	Product type	Product segment	Product currency	Product code					
F & O on phys.settled Bonds	CBON	F	F	F/O	Interest Rate	EUR	N	N	P	H	I	E

8. Risk parameters

Euro-BONO-Futures are admitted for calculation in Prisma.

For the risk parameters for the new product, please refer to the Eurex Clearing website under the link:

[Risk management > Risk parameters](#)

There you can also find an updated list with details on Prisma-eligible Eurex products.

9. Necessary preparations prior to start of trading

- As of 11 September 2015, Euro-BONO-Futures contracts will be available in the Eurex simulation environment for testing.
- Physical delivery in Euro-BONO-Futures will take place technically via CREATION, the settlement system of Clearstream Banking Luxembourg. For this purpose, each Clearing Member requires a settlement account (6-series account) of Clearstream Banking Frankfurt in the CCP system.
- Clearing Members who hold a 6-series account with Clearstream Banking Frankfurt (settlement via Clearstream Banking Luxembourg) but have not yet enabled this account for Eurex Exchange, are requested to specify their account and the account of their associated Non-Clearing Member which should be used for deliveries of Spanish government bonds to Eurex Clearing.
- Eurex participants who do not hold a 6-series account with Clearstream Banking Frankfurt, yet, are requested to fill in the form "Application for setup/deletion/change of CCP settlement accounts".
- Further information (about deliverable bonds, conversion factors, additional vendor product codes etc.) will be published in due course prior to the introduction of the new products on the Eurex website www.eurexchange.com under the following link:

[Products > Interest rate derivatives > Fixed income derivatives > Government bonds](#)

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Pursuant to Chapter I, Part 1, Number 17.2.3 of the Clearing Conditions, the changes and amendments to the Clearing Conditions communicated with this circular shall be deemed to have been accepted by each Clearing Member, Non-Clearing Member and each Registered Customer, unless they object in writing to Eurex Clearing AG prior to the actual effective date of such change and amendment of the Clearing Conditions. The right to terminate the Clearing Agreement or the Clearing License according to Chapter I, Part 1, Number 2.1.4 Paragraph 2 Number 7.2.1 Paragraph 4 and Number 13 of the Clearing Conditions shall remain unaffected.

Pursuant to Number 16 Paragraph 3 of the 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.

8 September 2015

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Clearing Conditions for Eurex Clearing AG	As of 26.10.2015
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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

Chapter II Transactions Concluded at Eurex Deutschland and Eurex Zürich (Eurex Exchanges)

[...]

Part 2 Clearing of Futures Contracts

[...]

2.3.4 Fulfilment, Delivery

(1) A delivery obligation arising out of a short position in a Euro-fixed income futures contract may only be performed with debt securities as determined by Eurex Clearing AG. For delivery, debt securities denominated in EUR with a fixed coupon of Germany (for Euro-Schatz-, Euro-Bobl-, Euro-Bund- and Euro-Buxl Futures contracts), of the Republic of Italy (Short term Euro-BTP-Futures contracts, Mid term Euro-BTP-Futures contracts and Euro-BTP-Futures contracts and Mid-Term Euro-OAT-Futures contracts) ~~and~~ of the Republic of France (Euro-OAT-Futures contracts and Mid-Term Euro-OAT-Futures contracts), and of the Kingdom of Spain (for Euro-BONO-Futures contracts) can be chosen with a remaining uncalled term of:

- 1.75 up to 2.25 years and an original term of no longer than eleven years for Euro-treasure Futures contracts
- 4.5 up to 5.5 years and an original term of no longer than eleven years for Euro-Bobls Futures contracts
- 8.5 up to 10.5 years and an original term of no longer than eleven years for Euro-federal Futures contracts
- 24 up to 35 years for Euro-Buxl Futures contracts
- 2 up to 3.25 years for Short-term Euro-BTP-Futures contracts
- 4.5 up to 6 years and an original term of no longer than 16 years for Mid-term Euro-BTP-Futures contracts

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- 8.5 up to 11 years and an original term of no longer than 16 years for Euro-BTP-Futures contracts
- 8.5 up to 10.5 years and an original term of no longer than 17 years for Euro-OAT-Futures contracts
- 4.5 up to 5.5 years and an original term of no longer than 17 years for Mid-Term Euro-OAT Futures contracts-
- 8.5 up to 10.5 years and an original term of no longer than 20 years for Euro-BONO-Futures contracts.

The debt securities have to possess a minimum issuance volume of EUR 5 billion. ~~Starting with the contract month of June 2012, d~~Debt securities of the Republic of Italy and the Kingdom of Spain have to possess a minimum issuance volume of EUR 5 billion no later than 10 exchange days prior to the last trading day of the current due month (Number 1.2.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich), otherwise, they shall not be deliverable until the delivery day of the current due month. ~~in Futures contracts on short term, mid term and long term debt securities of the Republic of Italy.~~

A delivery obligation arising out of a short position in a CONF futures contract may only be performed with obligations as determined by Eurex Clearing AG. Obligations of the Swiss Confederation denominated in Swiss Francs with a remaining term of at least eight years up to 13 years at most can be chosen. For obligations with early redemption option, the first and last possible redemption date at the point of delivery of the contract must be between eight and 13 years. The obligations must possess a minimum issuance volume of CHF 500 million.

- (2) Two Business Days prior to the tenth calendar day of a quarter month (notification day), the Clearing Members with open short positions must indicate the type of bonds they will deliver to Eurex Clearing AG after transaction closing until the end of the post-trading full-period. Existing delivery notifications can be changed until closing of the post-trading full period. If a delivery notice is not made in time, Eurex Clearing AG determines the bonds to be delivered by the Clearing Member. The actual amount of notified debt securities have to be confirmed by Clearing Members vis-à-vis Eurex Clearing AG one day prior to the delivery day.
- (3) After the end of the Post-Trading Period on the Notice Day, Eurex Clearing AG shall allocate to the Clearing Members with open long positions the bonds notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Clearing Members will be informed on the next Business Day as to which bonds were allocated to them and at what tender.
- (4) Paragraphs (1) to (3) shall apply to the legal relationship between Clearing Members and their relevant Non-Clearing Members or Registered Customers, respectively;

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Paragraph (3) shall apply *mutatis mutandis* to the legal relationship between Clearing Members, Registered Customers or Non-Clearing Members, as the case may be, and their respective customers.

[...]

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[...]

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

[...]

3.1 Matching / Recording of Derivatives Transactions (Trade)

3.1.1 Order Book 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					
Euro-BTP Futures, Mid-Term-Euro-BTP Futures, Short-Term Euro-BTP Futures	EUR	0.20	n. a.		
Euro-OAT-Futures, Mid-Term-Euro-OAT Futures	EUR	0.20	n.a.		
<u>Euro-Bono-Futures</u>	<u>EUR</u>	<u>0.20</u>	<u>n.a.</u>		

3.1.2 Off-Book 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					
Euro-BTP Futures, Mid-Term-Euro-BTP Futures, Short-Term-Euro-BTP Futures	EUR	0.30	n. a.		
Euro-OAT-Futures, Mid-Term-Euro-OAT Futures	EUR	0.30	n. a.		
<u>Euro-Bono-Futures</u>	<u>EUR</u>	<u>0.30</u>	<u>n.a.</u>		

[...]

3.3 Position Closing Adjustments

[...]

Contract	Fee per Contract
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 Euro-Bobl-Futures, Options on Euro-Bobl-Futures, Euro-BTP-Futures Mid-Term-Euro-BTP Futures, Short-Term-Euro-BTP Futures, Euro-Bund-Futures, Options on Euro-Bund-Futures, Euro-Buxl [®] -Futures, Euro-OAT-Futures, Mid-Term-Euro-OAT Futures, <u>Euro-Bono-Futures</u> , Options on Euro-OAT Futures, Euro Schatz-Futures, Options on Euro-Schatz-Futures 2-year, 5-year, 10-year and 30-year Euro Swap Futures	EUR 0.40

[...]

3.5 Determination of the Bonds / Swaps / currency to be delivered (Notification)

Contract	Fee per Contract:	
Interest Rate Derivatives		
CONF Futures	CHF	0.30
Euro Bobl Futures, Euro-BTP-Futures, Mid-Term-Euro-BTP Futures Short-Term-Euro-BTP Futures, Euro Bund Futures, Euro Buxl® Futures, Euro-OAT-Futures, Mid-Term-Euro-OAT Futures, <u>Euro-Bono-Futures</u> , 2-, 5-, 10- and 30-year Euro Swap Futures	EUR	0.20
FX Derivatives		
FX Futures	USD	0.30

3.6 Allocation of the Bonds / Swaps / currency to be delivered (Allocation)

Contract	Fee per Contract	
Interest Rate Derivatives		
CONF Futures	CHF	0.30
Euro Bobl Futures, Euro BTP Futures, Mid-Term-Euro-BTP Futures, Short-Term-Euro-BTP Futures, Euro Bund Futures, Euro Buxl® Futures, Euro-OAT Futures, Mid-Term-Euro-OAT Futures, <u>Euro-Bono-Futures</u> , Euro Schatz Futures, 2-, 5-, 10- and 30-year Euro Swap Futures	EUR	0.20
FX Derivatives		
FX Futures	USD	0.30

[...]

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[...]

9 Admitted Products, Combinations and Combination Transactions Option-Share

9.1 EFP-Fin Trade Service

Eurex Clearing AG has admitted the following products to the EFP-Fin Trade Service:

[...]

- Futures Contracts on a Notional Short-Term Debt Security of the Republic of Italy (“**FBTS Futures**“)
- Futures Contracts on a Notional Long-Term Debt Security of the Kingdom of Spain (“FBON Futures”)
- Futures Contracts on a Notional Long-Term Debt Security of the Swiss Confederation (“**CONF Futures**“)

9.2 EFPI Trade Service

[...]

9.3 EFS Trade Service

Eurex Clearing AG has admitted the following products to the EFS Trade Service:

[...]

- Futures Contracts on a Notional Short-Term Debt Security of the Republic of Italy (“**FBTS Futures**“)
- Futures Contracts on a Notional Long-Term Debt Security of the Kingdom of Spain (“FBON Futures”)
- Futures Contracts on a Notional Long-Term Debt Security of the Swiss Confederation (“**CONF Futures**“)

[...]

9.4 Block Trade Service

[...]

9.4.1 Admitted Products:

Product	Minimum number of tradable contracts
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[...]

Fixed Income Futures

[...]

Futures Contracts on a Notional Short-Term Bond of the Republic of Italy (Short term Euro-BTP Futures; FBTS)	100
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<u>Futures Contracts on a Notional Long-Term Bond of the Kingdom of Spain (Euro-BONO—Futures; FBON)</u>	<u>250</u>
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Futures Contracts on a Notional Long-Term Debt Security of the Swiss Confederation (CONF Futures; CONF)	500
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[...]

Annex A to the General Conditions for Participation:

Off-Book Periods of Use (all times in CET)

Futures Contracts

[...]

Fixed Income Futures Contracts

Product	Product-ID	Start-End
[...]		
Short-term Euro-BTP Futures	FBTS	08:00-19:00
<u>Euro-BONO Futures</u>	<u>FBON</u>	<u>08:00-19:00</u>

[...]
