X-pand into the Future

eurex circular 043/11

Date: February 21, 2011
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorised by: Peter Reitz

High priority

Single Stock Dividend Futures: Introduction of a Designated Market-Making Scheme for British Single Stock Dividend Futures and further Product Information

Related Eurex Circular: 034/11

Contact: Mehtap Dinc, Product Development, tel. +49-69-211-1 72 84,
e-mail: mehtap.dinc@eurexchange.com

Content may be most important for:

➲ All departments

Attachments:

1. Designated Market-Making Scheme for Single Stock Dividend Futures on British Stocks
2. Application Form - Designated Market Maker Scheme

Summary:

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to introduce a Designated Market-Making Scheme for British Single Stock Dividend Futures, effective **February 24, 2011**.

For details and further product information please refer to this Eurex circular.

Single Stock Dividend Futures: Introduction of a Designated Market-Making Scheme for British Single Stock Dividend Futures and further Product Information

1. Introduction of a Designated Market-Making Scheme for British Single Stock Dividend Futures

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to introduce a Designated Market-Making Scheme for British Single Stock Dividend Futures, effective February 24, 2011.

Eurex offers interested Members the possibility to act as Designated Market Maker for the new British Single Stock Dividend Futures. Designated Market Makers ensure continuing liquidity by undertaking to provide quotes on the bid and ask side, subject to maximum spreads, for a specified minimum number of contracts in a fixed number of products and within a specified period of time. In addition, Designated Market Makers will undertake other obligations as to the efficient operation of the market by providing additional price information. They also agree to be available for additional price verifications, if applicable, as requested by Eurex.

In return, up to and including December 31, 2012, Eurex will grant the Designated Market Makers a reimbursement of up to 50 percent of transaction fees for all contracts concluded on the M-accounts in British Single Stock Dividend Futures.

For details to this programme please refer to attachment 1. To apply for acting as a Designated Market Maker, market participants may use the form in attachment 2.

Eurex will accept new applications for this Designated Market-Making Scheme until April 29, 2011, unless otherwise announced.

2. Further Product Information

The British Single Stock Dividend Futures will be assigned to the following product groups:

Futures Contracts on Single Stock Dividends ("Single Stock Dividend Futures") on	Eurex Product Code	Eurex Product ISIN	Product Group
Barclays PLC (ISIN:GB0031348658)	B2AR	DE000A1KD0Q3	XNCHYG
BP PLC (ISIN:GB0007980591)	B2P	DE000A1KD0N0	XNCHYG
BT Group PLC (ISIN:GB0030913577)	B2T	DE000A1KD0S9	XNCHYG
Diageo PLC (ISIN:GB0002374006)	D2GE	DE000A1KD0L4	XNCHYG
GlaxoSmithkline PLC (ISIN:GB0009252882)	G2SK	DE000A1KD0K6	XNCHYG
Rio Tinto PLC (ISIN:GB0007188757)	R2TZ	DE000A1KD0P5	XNCHYG
Tesco PLC (ISIN:GB0008847096)	T2SC	DE000A1KD0R1	XNCHYG
Vodafone Group PLC (ISIN:GB00B16GWD56)	V2O	DE000A1KD0M2	XNCHYG
Anglo American PLC (ISIN:GB00B1XZS820)	A2AL	DE000A1KD0H2	XNCHYU
AstraZeneca PLC (ISIN:GB0009895292)	A2ZN	DE000A1KD0J8	XNCHYU

Futures Contracts on Single Stock Dividends ("Single Stock Dividend Futures") on	Eurex Product Code	Eurex Product ISIN	Product Group
BHP Billiton PLC (ISIN:GB0000566504)	B2LT	DE000A1KD0G4	XNCHYU
HSBC Holdings PLC (ISIN:GB0005405286)	H2SB	DE000A1KD0F6	XNCHYU
Royal Dutch Shell PLC - A shares (ISIN:GB00B03MLX29)	R2DA	DE000A1KD0E9	XNCHYE

Furthermore, please note the following correction: In Eurex circular 034/11 the ISIN of the GlaxoSmithkline PLC share was stated incompletely. The complete ISIN is GB0009252882.

February 21, 2011

Designated Market-Making Scheme for Single Stock Dividend Futures on British Stocks

Outline

This Designated Market-Making Scheme is to cover Single Stock Dividend Futures (SSDFs) on British stocks which have been combined in the British SSDFs package for designated market making. Eurex reserves the right to review the package allocation on a quarterly basis and when additional British SSDFs will be introduced.

The Designated Market Maker will be obliged to provide two-way quotes for 50% (currently for six) of the SSDFs contained in the British package.

The quote size obligation of the third expiry is lower than those for the first and second – no obligation is in place to quote longer expiries.

The spread and size classification will be reviewed on a quarterly basis.

Scheme Obligations

In the order book:

Provision of quotes during the trading session	Provision of two way quotes for the **first**, and **second** expiry of each constituent listed - with a minimum size of 5 contracts on the bid and ask side - with a maximum percentage spread as detailed in **Table 1** below - In the fast market phase, the minimum size will be decreased to 2 contracts and the maximum spreads will be doubled Provision of two way quotes for the third expiry of each constituent - with a minimum size of 2 contracts on the bid and ask side - with a maximum percentage spread as detailed in **Table 1** below - In the fast market phase, the minimum size will be decreased to 1 contract and the maximum spreads will be doubled Provision of two way quotes for each of the expiries mentioned above - during 50 percent of the quotation period of the trading day, from 08:30 a.m. to 17:30 p.m. (CET), calculated on a monthly average.
Designated Market Maker Fees	Order Book Trades & Block Trades executed on M-accounts receive 50 percent fee rebate upon fulfilment of obligations in 50 percent of the products in the British SSDFs package

Respond to Eurex Pricing Requests	Market Maker must respond to all Eurex Market Supervision Pricing Requests up to a maximum of two requests per contract per day - within 30 minutes - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form

Table 1

Maximum percentage spreads permissible for fulfilment of Market-Making in the British SSDFs Package:

Single Stock Dividend Futures on the Underlying Share of	Product ID	Package ID	Bid/Offer Spread (Percentage)		
			1st Expiry	2nd Expiry	3rd Expiry
Barclays PLC	B2AR	UK	200%	200%	200%
BP PLC	B2P	UK	100%	100%	100%
BT Group PLC	B2T	UK	40%	45%	55%
Diageo PLC	D2GE	UK	40%	45%	55%
GlaxoSmithkline PLC	G2SK	UK	40%	45%	55%
Rio Tinto PLC	R2TZ	UK	100%	100%	100%
Tesco PLC	T2SC	UK	20%	25%	35%
Vodafone Group PLC	V2O	UK	20%	25%	35%
Anglo American PLC	A2AL	UK	100%	100%	100%
AstraZeneca PLC	A2ZN	UK	40%	45%	55%
BHP Billiton PLC	B2LT	UK	100%	100%	100%
HSBC Holdings PLC	H2SB	UK	100%	100%	100%
Royal Dutch Shell PLC - A shares	R2DA	UK	20%	25%	35%

For the avoidance of doubt:

Where the first expiry in the contract series is December 2011 and the permissible percentage spread is noted as 20 percent for that expiry - then to fulfil the obligations the offer price must be no greater than the bid price plus 20 percent of that bid price.

For example if the quoted bid is 3.50 and the permissible percentage spread is 20 percent then the offer price must be no greater than 4.20.

If a successor product in one of the underlying instruments is admitted for trading with a standard contract size due to a corporate action, the successor product will become part of the quotation obligation with effect from the first trading day of the next calendar month.

Application Form - Designated Market Maker Scheme

To Eurex
Product Development
Mehtap Dinc
Fax no. +49-69-211-1 44 61

Application for the Status of Designated Market Maker
in Single Stock Dividend Futures
on dividends of British Stocks

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in

Single Stock Dividend Futures Contracts
on dividends of British Stocks

for the period from February **24th, 2011 until December 31, 2012** in accordance with the terms and conditions stated in the Scheme Obligations (attachment 2).

2. As a Designated Market Maker

a) we will fulfil the obligation by provision of two way quotes for each of the contracts in the series

- for the minimum number of contracts specified in the Scheme Obligations
- in compliance with the maximum spread specified in the Scheme Obligations; and
- in compliance with the times specified in the Scheme Obligations.

b) we will give you the name of a manager, and an alternate, who has the authorization and expertise necessary to fulfil the commitments required under the Scheme Obligations to Eurex Market Supervision

c) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this agreement

d) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market Makers; and

e) we will inform Eurex within one business day in the event that we find ourselves no longer in a position to fulfil these obligations.

3. Eurex will in return

   a) refund 50 percent of all trading and clearing fees for the contracts traded by the Designated Market Makers on M-accounts in British Single Stock Dividend Futures included in the British package up to and including December 31, 2012. The refund for the respective month will be calculated at the beginning of the subsequent month. Refunds will be paid in full only if the Scheme Obligations have been fulfilled in the month prior to the one in which they are applicable. No refunds will be made for contracts traded on A- or P-accounts;

   b) mention the name of the Eurex Member with the Designated Market Maker status in advertising and informative material in connection with the contracts, if desired;

   c) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding Single Stock Dividend Futures, if desired; and

   d) consult the Designated Market Makers as a deliberative body on any proposed material changes to this product and its Contract Specifications, notwithstanding any legal obligations of Eurex, and only action the proposed material changes upon a quorum of those responding Designated Market Makers who deem such changes to be acceptable.

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex.

   In the event that the obligations stated under No. 2 are not met by us, Eurex shall have the right to terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract or due to a revision of the law or rules with respect to the contract, we as well as Eurex have the right to terminate this agreement with immediate effect or to renegotiate the requirements indicated in paragraph 2 and/or in the associated Scheme Obligations.

6. Eurex shall have the right to amend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more condition(s), the Designated Market Makers must, for their part, ensure that they can be contacted so that they can be promptly advised that this situation has ceased to exist.

7. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which expires on December 31, 2012. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

8. The associated Scheme Obligations (attachment 1) are an integral part of this application.

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 application for the status of Designated Market Maker to the indicated fax number.