X-pand into the Future

e u r e x *circular 003/14*

Date: 2 January 2014
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Michael Peters

EURIBOR Futures: New Designated Market-Making scheme

Related Eurex circular: 114/13

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joachim.heinz@eurexchange.com

Content may be most important for:

Ü All departments

Attachments:

1. Designated Market Maker Application Form
2. Designated Market Maker Quote Obligations

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have decided to introduce a new Designated Market Making scheme for futures contracts on EURIBOR futures. The Designated Market-Making scheme will be valid from **1 January 2014 until 31 December 2014**. The new scheme is designed to ensure and further improve liquidity in the order book and will replace the scheme announced in May 2013 with Eurex circular 114/13.

Please contact Stuart Heath, Sales & Marketing, T +44-207 862-72 53, stuart.heath@eurexchange.com or Joachim Heinz, Product Development, T +49-69-211-1 59 55, joachim.heinz@eurexchange.com for any further questions you may have.

EURIBOR Futures: New Designated Market-Making scheme

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have decided to introduce a new Designated Market-Making scheme for EURIBOR futures. Starting 1 January 2014, the new scheme will contribute to ensure and improve liquidity in EURIBOR futures.

As a Designated Market Maker, the Eurex participant undertakes to continually provide bid and ask prices (quotes) for a specified minimum number of contracts and in compliance with maximum spreads for a predefined period of time. Designated Market-Making will run from 1 January 2014 until 31 December 2014 and will replace the scheme announced in May 2013 with Eurex circular 114/13.

Provided the Market Maker fulfils his obligations, Eurex Exchange will in return refund 100 percent of transaction and clearing fees for the contracts concluded by the Market Maker on M-accounts.

Additionally, Eurex Exchange will offer stipends in 2014 to market makers who fulfil their quoting obligations. The fixed stipends will run from 1 January 2014 until 31 December 2014 and are limited to five market makers for each package. Eurex Exchange will determine the five market makers (if there are more than five applicants) based on market capability and readiness criteria confidentially and at its absolute discretion. Eurex Exchange will keep a reserve list that will be used in case of the persistent failure to fulfil of one of the five market makers.

Moreover, Eurex Exchange will provide an additional open interest incentive to Market Makers, provided the Market Maker fulfilled its quote obligations. Please refer to attachment 2 for details and exact parameters of the Market-Making programme.

Participants who are interested in becoming Designated Market Makers in the new scheme are requested to fill out and return the attached Market Maker application form (attachment 1) by 10 January 2014 to Joachim Heinz, fax +49-69-211-61 59 55 or joachim.heinz@eurexchange.com for registration.

2 January 2014

Application Form - Designated Market Making Scheme

To Eurex Product Development
Joachim Heinz
Mergenthalerallee 61
65670 Eschborn

Fax no.: +49-69-211-61 59 55

Application for the Status of Designated Market Maker in EURIBOR Futures

1. We _____
(name of participant)

herewith apply for the status of Designated Market Maker in the following contract in the EURIBOR-Futures (FEU3) for the period from **1 January 2014 until 31 December 2014 (commitment period)** in accordance with the terms and conditions stated in the Quote Obligations (attachment).

2. As a Designated Market Maker

   a) we will provide bid and ask quotes or orders on a continuous basis

      - for the minimum number of contracts specified in the quote obligations
      - in compliance with the Maximum Spreads specified in the quote obligations; and
      - for the period of time specified in the quote obligations
      - for following packs specified in the quote obligations:
        Outrights: PACK 1 ☐ PACK 2 ☐
        Spreads: PACK 3 ☐

   b) 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;

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

   d) 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) – if wished - mention the name of the Eurex participant with the Designated Market Maker status in advertising and informative material in connection with the contracts;

   b) – if wished - make Eurex spokesmen and printed material available for seminars organized by the Designated Market Makers regarding the fixed income futures; and

   c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on Market Maker (M) - accounts up to 31 December 2014 upon fulfilment.

d) pay monthly stipends up to 30 June 2014 (reviewed for H2 2014) upon fulfilment:
a) 12,000 EUR for Pack 1 and 3,000 EUR for PACK 2

e) pay monthly incentive for Open Interest Held in M-Account up to 30 December 2014:

- 7,500 EUR for Open Interest in All Expiry Months between 10.000 – 29.999 contracts
- 15,000 EUR for Open Interest in All Expiry Months between 30.000 – 99.999 contracts
- 25,000 EUR for Open Interest in All Expiry Months above 100.000 contracts

Open Interest is considered as the sum of longs & shorts for netted expiry for Market-Makers. Open Interest is calculated on a monthly average basis.

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. 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 Quote 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 conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers can also 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 31 December 2014. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

8. The associated Quote Obligations (attachment) 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 firm)	E-mail address

Please send the completed application for the status of Designated Market Maker to the indicated fax number latest by 10 January 2014.

Quote Obligations for the Status of Designated Market Maker in EURIBOR Futures (Eurex Code FEU3):

Quote Obligations for Outrights & Incentives:

	Quote Obligations - Outrights					Incentive Package	
	Months	Expiry months	Spread	Minimum Size (Quarterly months)	Quotation Time	Fee Rebate 2013-2014	Stipends* 2014
PACK 1 (Outrights White, Reds & Greens)	White Months	exp1 - exp2 exp3 - exp4	1.0 bps	500 symmetrical	80% of the trading day (8:00 a.m. - 5:00 p.m.CET)	100%	€ 12.000 per member per calendar month
	Red Months	exp5 - exp6 exp7 - exp8	1.0 bps	250 symmetrical	80% of the trading day (8:00 a.m. - 5:00 p.m.CET)		
	Green Months	exp9 - exp10 exp11 - exp12	1.5 bps	100 symmetrical	60% of the trading day (8:00 a.m. - 5:00 p.m.CET)		
PACK 2 (Outrights Blues & Golds)	Blue Months	exp13 - exp16	2.0 bps	50 symmetrical	60% of the trading day (8:00 a.m. - 5:00 p.m.CET)	100%	€ 3.000 per member per calendar month
	Gold Months	exp17 - exp20	4.0 bps	50 symmetrical	60% of the trading day (8:00 a.m. - 5:00 p.m.CET)		

* Stipends limited to 5 members for outright quote obligation fulfillment (subject to minimum volume of 5.000 contracts for each member per calendar month). Stipends paid until 30th June 2014 and reviewed for H2 2014.

è In fast market conditions the spread will be doubled and the number of contracts will be halved.
è The commitment period starts 1 January 2014 and ends 31 December 2014.

Quote Obligations for Spreads & Incentives:

	Quote Obligations - Spreads					Incentive Package	
	Months	Expiry Months	Spread	Minimum Size (Quarterly months)	Quotation Time	Fee Rebate	Stipends
	SPREADS - Consecutive Calendar Expiry Months					2013 - 2014	2014
PACK 3	White & Red Months	exp1 v. exp2 exp2 v. exp3 ..... exp7 v. exp8	1.0 bps	500 symmetrical	80% of the trading day (8:00 a.m. - 05:00 p.m.CET)	100%	€ 0
	SPREADS - Non Consecutive Expiry Months					2013 - 2014	2014
	White & Red Months	exp1 v. exp3 exp1 v. exp4 ..... exp4 v. exp7 exp4 v. exp8	1.5 bps	250 symmetrical (6 months) 150 symmetrical (9 months) 100 symmetrical (12 months)	60% of the trading day (8:00 a.m. - 05:00 p.m.CET)	100%	€ 0

è In fast market conditions the spread will be doubled and the number of contracts will be halved.
è The commitment period starts 1 January 2014 and ends 31 December 2014.

M-Account Open Interest Incentives:

Open Interest* Held in M- Account			Incentive
Expiry Months	From (contracts)	To (contracts)	Total Monthly Incentive
All	0	9.999	€ 0
All	10.000	29.999	€ 7.500
All	30.000	99.999	€ 15.000
All	100.000	above	€ 25.000

*Open Interest is considered as the sum of longs & shorts for netted expiry
for Market-Makers Open Interest is calculated on a monthly average basis