X-pand into the Future

eurex circular 268/13

Date: 20 December 2013
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

⚠ **High priority**

Dividend derivatives: Options on EURO STOXX 50® Index Dividend Futures - extension of Permanent Market-Making scheme

Related Eurex Circulars: 082/10, 095/10, 276/12

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Content may be most important for:	**Attachments:**
➲ All departments	none

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to extend the Permanent Market-Making scheme in options on EURO STOXX 50® Index Dividend Futures.

For the period between **1 January 2014 until 31 January 2015**, Eurex Exchange will rebate its Permanent Market Makers, who fulfil quote obligations in options on EURO STOXX 50® Index Dividend Futures, 50 percent of transaction fees for all contracts concluded on M-accounts.

Dividend derivatives: Options on EURO STOXX 50® Index Dividend Futures - extension of Permanent Market-Making scheme

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to extend the Permanent Market-Making scheme in options on EURO STOXX 50® Index Dividend Futures. For the period between 1 January 2014 until 31 January 2015, Eurex Exchange will rebate its Permanent Market Makers, who fulfil quote obligations in options on EURO STOXX 50® Index Dividend Futures, 50 percent of transaction fees for all contracts concluded on M-accounts.

Options on EURO STOXX 50® Index Dividend Futures have been available for trading at Eurex Exchange since 25 May 2010 under product code OEXD (product ISIN: DE000A1DKML1).

Permanent Market-Making (PMM) in options on EURO STOXX 50® Index Dividend Futures

Permanent Market-Making at Eurex Exchange consists of continuous quotation of a set of strikes for a predefined set of expirations as well as response to quote requests for all strikes and expirations of a given product.

For options on EURO STOXX 50® Index Dividend Futures, the obligations are as follows:

- **Committed quotation time:** Continuous quotation for an average of 50 percent of the trading period between 09:00 and 17:30 CET (calculated on a monthly average) on each exchange trading day per calendar month for a predefined number of expirations (the maturity range). Permanent Market Makers will be obliged to quote calls and puts in five strikes out of a strike price window of nine strikes around the current underlying price in every expiration month within the maturity range; i.e. ten series have to be quoted in total for each expiration within the maturity range. Strikes selected for the strike price window are the nine strikes nearest to the respective index dividend future level. Asymmetric quotation is allowed.
- **Response to quote requests:** At present, quote requests do not have to be answered.
- **Response to daily price requests:** Permanent Market Makers must answer price requests submitted by Eurex Market Supervision (maximum of two requests per day) within 30 minutes. The information is used by Eurex Exchange for its calculations and is not intended to be published in its original form.
- **Fast Market:** In Fast Market (definition and announcement by the Exchange), maximum spreads will be increased by 100 percent and the minimum quote size will be reduced by 50 percent.
- **Minimum quote size:** The minimum quote size for continuous quotation and response to quote requests within the Permanent Market-Making scheme is identical.
- **Expiration months:** At least three out of the first four expiration months have to be quoted.

Permanent Market-Making - Maximum spread

Number of expiration months	Bid range (index points)	Maximum spread (index points)
1,2,3	0 – 3.99	0.80
	4.00 – 19.99	20%
	> 20.00	4.00
4	0 – 3.99	1.00
	4 – 19.99	25%
	> 20.00	5.00

Permanent Market-Making - Minimum quote size

Minimum size (contracts)	Minimum size (contracts) Fast Market
100	50

Eurex Exchange reserves the right to reassess the Market-Making scheme on a regular basis.

- **Market Maker fees:** The standard fee per contract for options on EURO STOXX 50® Index Dividend Futures is EUR 1.20 (see Price List). Upon fulfilment of the PMM quote obligations, the following rebate will be granted for OTC-Block trades and for trades concluded in the electronic order book on M-accounts in options on EURO STOXX 50® Index Dividend Futures:
  - for the period from 1 January 2014 to 31 January 2015: 50 percent of transaction fees.

The Market Maker Obligations will be available on the Eurex website www.eurexchange.com under the following link:

Trading > Market model > Market-Making

Eurex Exchange Participants who wish to take part in this scheme are not required to apply specifically. Compliance with the scheme will be monitored automatically. However, we would like to ask interested participants to contact Christine Heyde at tel. +49-69-211-1 56 98 or e-mail: christine.heyde@eurexchange.com.

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