

# Eurex/ KRX Link

Introduction of KRX Derivatives on  
Eurex/ KRX Link

September 2021

# New Product Offering on Eurex/ KRX Link

Daily USD/KRW Futures was added to the family on 26<sup>th</sup> July 2021

**Eurex and KRX provided overnight trading of the Daily USD/KRW Futures through the current Eurex/ KRX Link in Q3 2021.**

The overnight KOSPI 200 Options and Mini Futures have been listed on Eurex since 2010 and 2016 respectively, and the KOSPI 200 Futures was launched in Q1 2021. The Daily USD/KRW Futures was added on 26<sup>th</sup> July 2021.

Trading in the KOSPI 200 Futures contract on CME's Globex platform was suspended in April 2020, after a shift in the composition of the KOSPI 200 Futures index triggered a change in its regulatory treatment\*. At the same time, Eurex had withdrawn access for US investors to the KOSPI 200 Mini Futures.

In October 2020, KRX officially announced the termination of the night session for KOSPI 200 Futures and USD/KRW FX Futures after 18<sup>th</sup> December 2020 from CME Globex.

Striving to meet the strong demand for overnight trading in KOSPI 200 Futures, the product was introduced in Q1 2021 on the Eurex/ KRX Link in order to provide access to market participants.

\* The change occurred as Samsung Electronics increased in value to more than 30% of the KOSPI 200 index. As a result, the index moved from being "broad based" to "narrow based" under US law. If the index weighting of a single constituent exceeds 30% for more than 45 days in the past three months, the US Commodity Futures Trading Commission withdraws the certification as eligible for trading in the US

# The Only After-Hours\* Trading Venue for KRX Products

More than 278 million\*\* Eurex KOSPI Products traded since inception

## Access to KOSPI after-hours market

- 24-hour trading and clearing enables market participants to react to overnight events and market movements and trade one of the most liquid derivatives in the world
- Eurex contract is currently the only venue where international investors can access KOSPI derivatives during the Korean night trading session (Eurex CET hours)

## Fully fungible products

- Eurex KOSPI products are fully fungible with the corresponding contracts at KRX

## Attractive and liquid market

- Mini-KOSPI 200 Futures saw monthly N/D ratio increase by 1.81 percentage point YoY in September 2021
- Global market makers are being on-boarded to participate in providing liquidity
- Over 50 members are actively trading on the Eurex/KRX link

## Exchange traded benefits

- Eurex's leading trading, clearing and risk management functionalities help to reduce counterparty risks and increase margin efficiencies

\*Night hours session in Korea Standard Time (KST) \*\*Data as of 30/09/2021

# Eurex/ KRX Link Trading Timetable

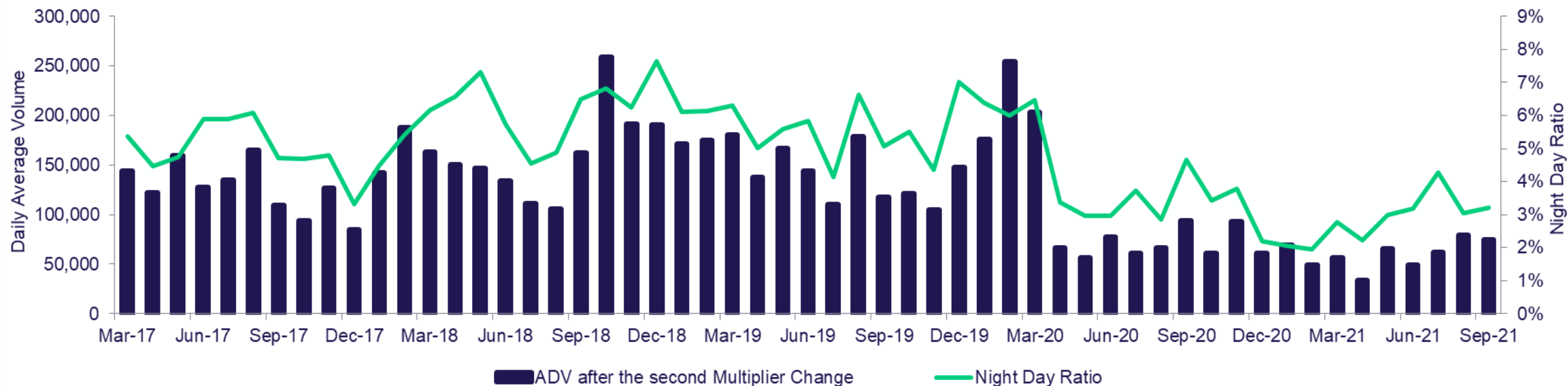
Scheduled data and net position transfers ensure seamless trading across the Link



# Trading Statistics of KOSPI 200 Options

Average daily volume (ADV) of 59,889 contracts traded in 2021

## Eurex KOSPI 200 Options OKS2 – Volume Development



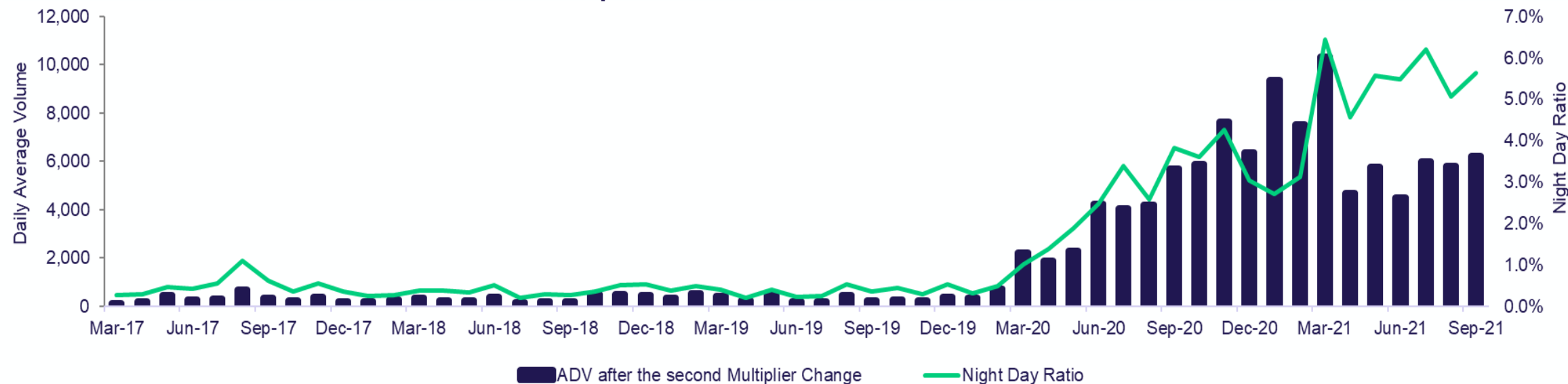
Year	Contract Volume	Average Daily Volume	ADV YoY Change	Night/ Day Ratio	Market Share – Volume %		
					Agent	Market Maker	Principal
2021*	10,959,737	59,889	-43.7%	2.8%	71.7%	27.8%	0.5%
2020	26,046,645	106,313	-25.8%	4.3%	65.0%	30.2%	4.8%
2019	35,236,582	143,238	-10.2%	5.5%	62.0%	29.2%	8.8%
2018	38,429,641	159,459	48.5%	5.9%	63.7%	27.5%	8.8%
2017	26,091,854	107,374	23.8%	4.8%	62.8%	30.4%	6.8%

\* Data as of 30/09/2021

# Trading Statistics of Mini-KOSPI 200 Futures

Average daily volume (ADV) of 6,691 contracts traded in 2021

## Eurex Mini KOSPI Futures FMK2 – Volume Development



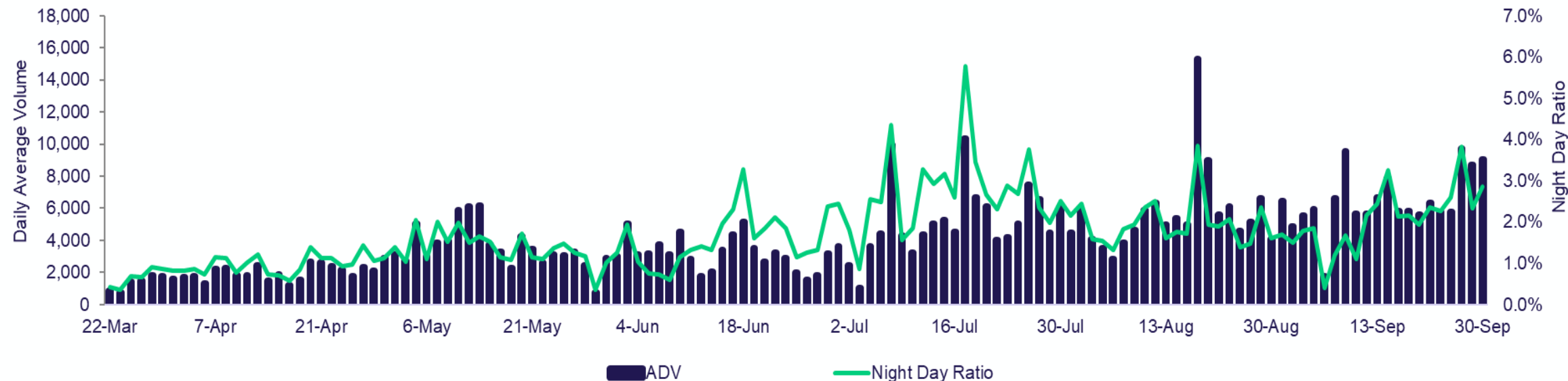
Year	Contract Volume	Average Daily Volume	ADV YoY Change	Night/ Day Ratio	Market Share – Volume %		
					Agent	Market Maker	Principal
2021*	1,224,449	6,691	74.9%	4.5%	71.1%	25.5%	3.4%
2020	937,059	3,825	1091.5%	2.4%	82.6%	15.7%	1.7%
2019	78,995	321	6.3%	0.4%	55.6%	44.4%	-
2018	73,112	302	4.9%	0.4%	54.0%	46.0%	-
2017	70,003	288	289.5%	0.5%	38.8%	61.2%	-

\* Data as of 30/09/2021

# Trading Statistics of KOSPI 200 Futures

Average daily volume (ADV) of 4,172 contracts traded in 2021

## Eurex KOSPI Futures FBK2 – Volume Development



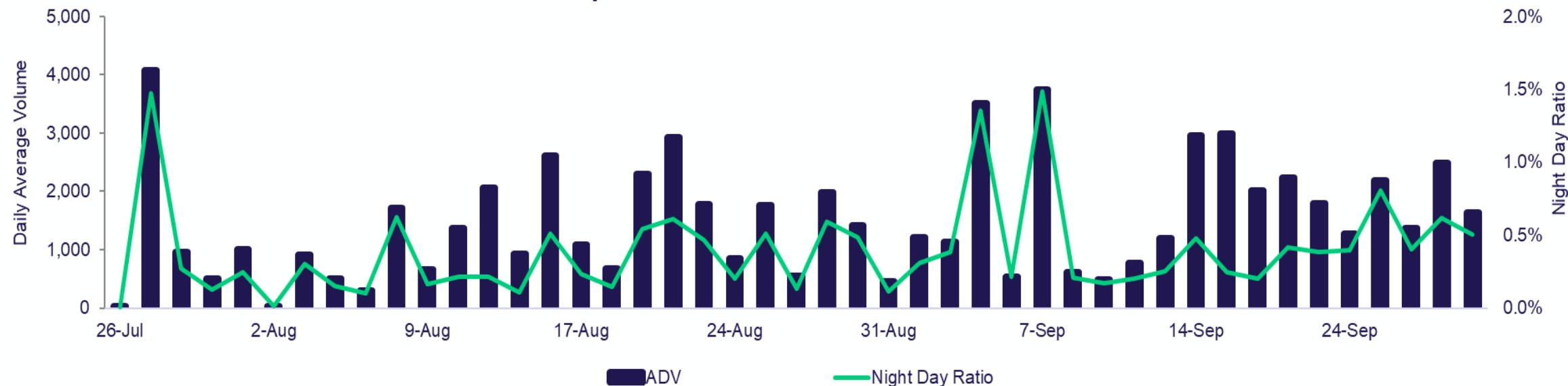
Month	Contract Volume	Average Daily Volume	ADV MoM Change	Night/ Day Ratio	Market Share – Volume %		
					Agent	Market Maker	Principal
September*	122,799	6,463	13.4%	1.9%	64.9%	32.2%	2.9%
August	119,727	5,701	11.1%	2.0%	66.7%	32.9%	0.4%
July	112,856	5,130	63.6%	2.7%	66.6%	33.3%	0.1%
June	68,993	3,136	-13.6%	1.3%	70.9%	29.1%	-
May	68,938	3,628	73.3%	1.4%	70.9%	29.0%	0.1%
April	41,876	2,094	47.0%	1.0%	78.6%	21.4%	-

\* Data as of 30/09/2021

# Trading Statistics of USDKRW Futures

Average daily volume (ADV) of 1,502 contracts traded in 2021

## Eurex USD/KRW Futures FCUW – Volume Development



Month	Contract Volume	Average Daily Volume	ADV MoM Change	Night/ Day Ratio	Market Share – Volume %		
					Agent	Market Maker	Principal
September*	34,169	1,798	40.7%	0.4%	66.8%	-	33.2%
August	26,844	1,278	-2.8%	0.3%	61.0%	-	39.0%
July	6,576	1,315	-	0.3%	54.4%	-	45.5%

\* Data as of 30/09/2021



# Liquidity Provision Scheme

## KOSPI 200 Options

**Quoting period:** Continuous quotation for an average of 70% of the trading period between 10:00 and 17:30 CET or 11:00 and 17:30 CEST (calculated on a monthly average) on each Exchange trading day per calendar month for the **first two expiration months**.

**Strikes to quote:** Calls and puts in 9 strikes out of a strike price window of 17 strikes around the current underlying price in each of the first two expiration months; i.e. 18 series to be quoted in total for each of the first two expiration months.

**Minimum quote size:** 10 contracts on the bid and ask side for the front month, 5 contracts for the second expiration.

**In Fast Market,** Maximum spreads will be increased by 100% and the minimum quote size will be reduced by 50%.

**Since 1st September 2019,** Liquidity Provider (LP) quotation with two-sided limit orders are included in the LP measurement for that respective product. The provisioning of liquidity via quotes remain unchanged.

Upon fulfilment of basis requirements, LPs shall receive 50% fee rebates on the respective execution type (Orderbook or TES).

Bid up to	Maximum Spread		Note
	Expiration 1	Expiration 2	
≤ 1.50	0.15	0.2	Performant Liquidity Providers receive 50% off the transaction fees, i.e. they pay 0.02bp instead of 0.04bp.
≤ 20.00	10%	15%	
> 20.00	2	3	

# Liquidity Provision Scheme

## Mini-KOSPI 200 Futures

The permanent quote (order-book) obligations include:

1. minimum quote size
2. pre-defined number of expirations
3. maximum spread
4. minimum quoting period
5. minimum quote size will be reduced by 50% and the maximum quote spreads will be doubled during fast market conditions

Upon fulfilment of basis requirements, LPs shall receive 50% fee rebates on the respective execution type (Orderbook or TES).

Front Month	Requirements	Note
<b>Min Quote Size</b> [Bid / Ask contracts]	<b>10 contracts</b>	Quote <b>the Front month</b> via M-Account (5 trading days before expiry quote either the Front or the next expiration month can be quoted)  In Fast Market (definition and announcement by the Exchange), maximum spreads will be increased by 100% and the minimum quote size will be reduced by 50%
<b>Maximum Quote Spreads</b> [Ticks / Absolute]	<b>10 ticks/0.20 index points</b>	
<b>Quoting Period</b>	Continuous quotation for an average of <b>70%</b> of the trading period between 10:00 and 17:30CET or 11:00 and 17:30 CEST (calculated on a monthly average) on each Exchange trading day per calendar month	

# Liquidity Provision Scheme

## KOSPI 200 Futures

The permanent quote (order-book) obligations include:

1. minimum quote size
2. pre-defined number of expirations
3. maximum spread
4. minimum quoting period

Upon fulfilment of basis requirements, LPs shall receive 50% fee rebates on the respective execution type (Orderbook or TES).

Front Month	Requirements	Note
<b>Min Quote Size</b> [Bid / Ask contracts]	<b>2 contracts</b>	Quote <b>the Front month</b> via M-Account (5 trading days before expiry quote either the Front or the next expiration month can be quoted)
<b>Maximum Quote Spreads</b> [Ticks / Absolute]	<b>2 ticks/0.10 index points</b>	
<b>Quoting Period</b>	Continuous quotation for an average of <b>70%</b> of the trading period between 10:00 and 17:30CET or 11:00 and 17:30 CEST (calculated on a monthly average) on each Exchange trading day per calendar month	

# Liquidity Provision Scheme

## Daily USDKRW Futures

The permanent quote (order-book) obligations include:

1. minimum quote size
2. pre-defined number of expirations
3. maximum spread
4. minimum quoting period

Upon fulfilment of basis requirements, LPs shall receive 50% fee rebates on the respective execution type (Orderbook or TES).

Front Month	Requirements for FCUW1	Requirements for FCUW2	Note
Min Quote Size [Bid / Ask contracts]	20 contracts	40 contracts	Quote <b>the Front month</b> via M-Account (5 trading days before expiry quote either the Front or the next expiration month can be quoted)
Maximum Quote Spreads [Ticks / Absolute]	5 ticks/0.50 points	10 ticks/1.00 points	
Quoting Period	Continuous quotation for an average of <b>70%</b> of the trading period between 10:00 and 17:30CET or 11:00 and 17:30 CEST (calculated on a monthly average) on each Exchange trading day per calendar month		

# Eurex/ KRX Link Product Overview

## Contract Specifications

Product Name	Underlying	Eurex Product Code	Bloomberg	Reuters	Trading Hours	Minimum Price Change	Contract Multiplier
Daily Futures on KOSPI 200 Options	Relevant series of KOSPI 200 Options listed at KRX, determined by options class, maturity and strike	OKS2	OKS2K Index OMON	0#OKS2*.EX	10:00 – 21:00 CET 11:00 – 21:00 CEST  18:00 – 05:00 KST 18:00 – 04:00* KST	0.05 points (KRW 12,500) when the price is quoted at or above 10 points  0.01 points (KRW 2,500) when the price is quoted below 10 points	KRW 250,000
Daily Futures on Mini-KOSPI Futures	Relevant Mini-KOSPI 200 Futures listed at KRX	FMK2	FXYA Index	0#FMK2:		0.02 points (KRW 1,000)	KRW 50,000
Daily Futures on KOSPI 200 Futures	Relevant KOSPI 200 Futures listed at KRX	FBK2	FZYA Index	0#FBK2:		0.05 points (KRW 12,500)	KRW 250,000
Daily USDKRW Futures on US Dollar Futures	Relevant USD Futures listed at KRX	FCUW	KUDA Curncy	0#FCUW:		0.1 points (KRW 1,000)	USD 10,000

\*During daylight savings time

# Eurex/ KRX Link Product Overview

## Additional Information

### **Contract term**

Every contract expires at the end of the exchange day on which it has been concluded on Eurex Exchange. Eurex KOSPI products can be traded on each day, provided that this day is an exchange day at both Eurex and KRX.

### **Last trading day**

The last trading day is the final settlement day. Each trading day is also the last trading day.

### **Final settlement price**

The daily settlement price of the Eurex KOSPI product is also the final settlement price, and is equivalent to the daily settlement price calculated by KRX for the underlying contracts admitted for trading on KRX on the respective exchange day as of the close of trading on KRX.

The cash flow resulting from the variation margin will be paid or received in KRW at a correspondent bank account in Korea.

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