X-pand into the Future

eurex circular 212/07

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Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
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⚠ **Action required** ⚠ **High priority**

Market Maker Obligations in Equity Options: Change

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Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- IT/System Administration

Attachments:

1. Market Maker Obligations in equity options: Updated list of minimum Quote Sizes and Spread Classes
2. Modified Spread Classes

Summary:

Effective **November 1, 2007**, quotation requirements for Market Makers in equity options at Eurex will be changed. The adjustment will affect parameters in the three different Market-Making models, i.e., Regular Market-Making (RMM), Permanent Market-Making (PMM) and Advanced Market-Making (AMM).

1. Minimum quote sizes are net reduced and set according to market conditions and liquidity
2. Maximum spreads are harmonised and the amount of spread classes is reduced
3. The maturity range is now expressed in terms of "number of expirations to be quoted"

Members who are taking part in Market-Making are kindly requested to adjust their system settings accordingly. It is highly recommended to verify market maker performance in the first days of November using the respective Eurex MMPM reports.

Market Maker Obligations in Equity Options: Change

The Management Boards of the Eurex Exchanges decided the following changes to Eurex's Market Maker Obligations:

1. The minimum quote sizes for German, Swiss, French and Dutch equity options are adjusted based on a scheme that captures market conditions and liquidity for each individual product. This leads to a net reduction in Market-Making obligations (see list below).
2. The maximum spreads are harmonized to ten percent for "At the Money" options. The caps and floors for "In the Money" and "Out of the Money" options are based on the price levels of the underlying stock. Options denominated in euro will no longer be differentiated from options denominated in Swiss francs. This leads to a total of five spread classes. Additionally, there are two spread classes representing the quote obligations for Spanish, Scandinavian, Italian, Russian and Austrian equity options (see list below).
3. The obligations with respect to the maturity range are no longer expressed in "Months to Maturity" but in "Number of Expirations to be quoted"

The changes will be effective November 1, 2007.

1. List of minimum quote sizes and spread class allocation

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		change in AMM/ PMM	Number of expirations to be quoted for PMM/AMM	AMM Package ID
			RMM	AMM / PMM			
Options on							
DJ EURO STOXX 50 components							
AEGON	AEN	1	NA	100	0	8	ESX50 NL
AIR LIQUIDE	AIR	2	NA	20	0	6	ESX50 FR
ALCATEL-LUCENT	CGE	1	NA	200	0	6	ESX50 FR
ALLIANZ	ALV	3	NA	200	0	8	DE ESX50
ARCELOR MITTAL	ISPA	4	NA	50	0	7	FR/ NL/ ESX 50
AXA	AXA	2	NA	100	0	6	ESX50 FR
BASF	BAS	2	NA	50	0	8	DE ESX50
BAYER	BAY	2	NA	50	0	8	DE ESX50
BCO BILBAO VIZC ARGENT	BBVD	2	NA	50	0	8	ES ESX50
BCO SANTANDER CENT HISP	BSD2	2	NA	50	0	8	ES ESX50
BNP	BNP	2	NA	20	0	6	ESX50 FR
CARREFOUR	CAR	2	NA	50	0	6	ESX50 FR
CREDIT AGRICOLE	XCA	2	NA	50	0	6	ESX50 FR
DAIMLERCHRYSLER	DCX	2	NA	50	0	8	DE ESX50
DANONE	BSN	2	NA	20	0	6	ESX50 FR
DEUTSCHE BANK	DBK	2	NA	50	0	8	DE ESX50
DEUTSCHE BÖRSE	DB1	3	NA	20	0	8	DE ESX50
DEUTSCHE TELEKOM	DTE	1	NA	500	300	8	DE ESX50
E.ON	EOA	3	NA	20	0	8	DE ESX50
ENEL	ENL5	A	NA	20	0	7	ESX50 IT
ENI	ENT5	A	NA	20	0	7	ESX50 IT
FORTIS	FO4	2	NA	100	0	8	ESX50 NL
FRANCE TELECOM	FTE	2	NA	100	0	6	ESX50 FR

GENERALI	ASG5	A	NA	20	0	7	ESX50 IT
IBERDROLA	IBE	A	NA	20	0	8	ES ESX50
ING	INN	2	NA	100	0	8	ESX50 NL
INTESA SANPAOLO	IES5	B	50	20	0	6	ESX50 IT
L'OREAL	LOR	2	NA	20	0	6	ESX50 FR
LVMH	MOH	2	NA	20	0	6	ESX50 FR
MUENCHNER RÜCK 10	MUV2	3	NA	200	0	8	DE ESX50
NOKIA	NOA3	2	NA	200	0	8	ESX50 SC
PHILIPS	PHI1	2	NA	100	0	8	ESX50 NL
RENAULT	RNL	3	NA	20	0	6	ESX50 FR
REPSOL	REP	A	NA	20	0	8	ES ESX50
RWE	RWE	2	NA	50	0	8	DE ESX50
SAINT-GOBAIN	GOB	2	NA	50	0	6	ESX50 FR
SANOFI-AVENTIS	SNW	2	NA	20	0	6	ESX50 FR
SAP 50	SAP	2	NA	100	0	8	DE ESX50
SCHNEIDER ELECTRIC	SND	2	50	20	0	6	ESX50 FR
SIEMENS	SIE	2	NA	50	0	8	DE ESX50
SOCIETE GENERALE	SGE	3	NA	20	0	6	ESX50 FR
SUEZ	LYO	2	NA	100	0	6	ESX50 FR
TELECOM ITALIA	TQI5	A	NA	20	0	7	ESX50 IT
TELEFONICA	TNE5	2	NA	50	0	8	ES ESX50
TOTAL	TOTB	2	NA	50	0	6	ESX50 FR
UNICREDITO	CRI5	A	NA	20	0	7	ESX50 IT
UNILEVER	UNI	2	NA	100	0	8	ESX50 NL
VINCI	SQU	2	50	20	0	6	ESX 50 FR
VIVENDI	VVU	2	NA	100	0	6	ESX50 FR
VOLKSWAGEN	VOW	3	NA	50	0	8	DE ESX50

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		change in AMM/ PMM	Number of expirations to be quoted for PMM/AMM	AMM Package ID
			RMM	AMM / PMM			
Options on							
Swiss Equities							
ABB	ABBN	2	NA	100	0	8	CH
ACTELION	ATLN	2	50	20	-30	6	CH
ADECCO	ADEN	2	NA	10	-10	7	CH
BALOISE	BALN	3	NA	10	-10	7	CH
CIBA	CIBN	2	NA	100	-100	8	CH
CIE FIN RICHEMOND	CFR	2	NA	20	-30	7	CH
CLARIANT	CLN	2	NA	50	-50	7	CH
CREDIT SUISSE	CSGN	2	NA	50	0	8	CH
GEBERIT	GEBN	3	20	10	-10	6	CH
GIVAUDAN	GIVN	5	NA	10	-10	7	CH
HOLCIM	HOLN	3	NA	10	-10	7	CH
JULIUS BAER	BAER	2	NA	20	0	7	CH
KUDELSKI	KUD	2	NA	20	-30	7	CH
KUEHNE U NAGEL	KNIN	3	50	20	0	6	CH
LOGITECH	LOGN	2	50	20	-30	6	CH
LONZA	LONN	3	NA	10	-10	7	CH
NESTLE	NESN	5	NA	100	0	8	CH
NOBEL BIOCARE	NOBE	4	NA	20	-30	6	CH

NOVARTIS	NOVN	2	NA	100	50	8	CH
OC OERLICKON	UNAX	5	50	20	-30	7	CH
PETROPLUS	PPHN	3	20	10	-10	6	CH
SONOVA HOLDING AG	PHBN	3	20	10	-10	6	CH
ROCHE	ROG	4	NA	20	0	8	CH
SCHWEIZ.RUECKVERSICHER.	RUKN	3	NA	100	-100	8	CH
SGS	SGSN	5	NA	10	-10	7	CH
SULZER	SUN	5	20	10	-10	7	CH
SWISS LIFE	SLHN	4	NA	50	-50	8	CH
SWISSCOM	SCMN	4	NA	20	-30	8	CH
SYNGENTA	SYNN	4	NA	50	-50	7	CH
SYNTHES	SYST	3	NA	50	-50	6	CH
THE SWATCH GROUP	UHRN	2	NA	10	-10	7	CH
UBS	UBSN	2	NA	100	50	8	CH
ZURICH FINANCIAL SERV	ZURN	4	NA	100	0	8	CH

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		change in AMM/ PMM	Number of expirations to be quoted for PMM/AMM	AMM Package ID
			RMM	AMM / PMM			
Options on							
other Equities							
ACCOR	ACR	2	20	10	-10	6	FR
ADIDAS	ADS	2	NA	20	-30	8	DE
AHOLD	AHO	1	NA	50	-50	8	NL
Air France	AFR	2	20	10	-10	6	FR
AIXTRON	AIX	1	100	50	-50	6	DE
AKZO NOBEL	AKU	2	NA	10	-10	7	NL
Alstom	AOM	3	20	10	-10	6	FR
ALTANA	ALT	2	NA	20	0	8	DE
ARCANDOR	KAR	2	20	10	-10	6	DE
ASML	ASM	2	NA	20	-30	7	NL
AUTOSTRADE	AOP5	B	50	20	0	6	IT
BEIERSDORF	BEI	2	50	20	0	6	DE
BMW	BMW	2	NA	50	0	8	DE
Boehl-Uddeholm	BUD	B	10	5	0	4	AT
BOUYGUES	BYG	2	20	10	-40	6	FR
Bwin Int. Entert.	BWIN	B	10	5	0	4	AT
CAP GEMINI	CGM	2	20	10	-10	6	FR
CASINO GUICHARD	CAJ	2	20	10	-10	6	FR
CELESIO	CLS	2	20	10	-10	6	DE
CISCO SYSTEMS	CIS	B	50	20	0	6	
CITIGROUP	TRV	B	50	20	0	6	
COMMERZBANK	CBK	2	NA	50	-50	8	DE
Conergy	CGY	2	20	10	-10	6	DE
CONTINENTAL	CON	2	NA	10	-10	8	DE
CORPORATE EXPRESS	KNP	1	NA	20	-30	6	NL
DEPFA BANK	DEP	2	100	50	0	6	DE
DEUTSCHE POST	DPW	2	NA	50	-50	8	DE
DEUTSCHE POSTBANK	DPB	2	20	10	-10	6	DE
DEXIA	DXB	2	20	10	-40	6	FR
EADS	EAD	2	50	20	-30	6	FR

ELECTRICITE DE FRANCE	E2F	2	20	10	-10	6	FR
ELISA COMMUNICATIONS	EIA	B	50	20	0	6	SC
ELSEVIER	ELV	1	NA	20	-30	6	NL
EMC	EMP	B	50	20	0	6	
EPCOS	EPC	1	50	20	-30	7	DE
ERICSSON	ERCB	A	200	100	0	8	SC
Erste Bank der Oesterr. Spk	EBS	B	10	5	0	4	AT
FIAT	FIA5	A	50	20	0	7	IT
FORTUM	FOT	B	100	50	0	6	SC
FREENET	MOB	2	50	20	0	6	DE
FRESENIUS MEDICAL CARE	FME	2	NA	10	-10	8	DE
FRESENIUS VZ	FRE3	2	20	10	-10	6	DE
GAZ DE FRANCE	GZF	2	20	10	-40	6	FR
GEA	G1A	2	50	20	0	6	DE
GENERAL ELECTRIC	GEC	B	50	20	0	6	
HAGEMEYER	HMY	1	NA	100	0	6	NL
HANNOVER RUECK	HNR1	2	20	10	-10	6	DE
HEINEKEN	HNK	2	NA	10	-10	7	NL
HENKEL	HEN3	2	NA	10	-10	8	DE
HOCHTIEF	HOT	2	20	10	-10	6	DE
HYPO REAL ESTATE	HRX	2	NA	10	-10	8	DE
IBM	IBM	B	50	20	0	6	
Immoeast	IEA	B	10	5	0	4	AT
INFINEON	IFX	1	NA	200	0	8	DE
INTEL	INL	B	50	20	0	6	
K+S	SDF	3	20	10	-10	6	DE
KONINKLIJKE	DSM	2	NA	20	0	6	NL
KPN	KPN	1	NA	50	-50	7	NL
LAFARGE	CIL	3	NA	10	-10	6	FR
LANXESS	LXS	2	20	10	-10	6	DE
LINDE	LIN	2	NA	10	-10	8	DE
LUFTHANSA	LHA	2	NA	50	-50	8	DE
MAN	MAN	3	NA	20	-30	8	DE
MEDIASET	MDS5	B	50	20	0	6	IT
MERCK	MRK	2	20	10	-10	6	DE
METRO	MEO	2	NA	20	-30	8	DE
MICROSOFT	MSF	B	50	20	0	6	
MLP	MLP	1	50	20	-30	7	DE
NESTE OIL CORP	NEF	B	50	20	0	6	SC
NORDEA BANK	NDB	B	100	50	0	6	SC
NUMICO	NUT	2	NA	20	0	7	NL
OMV	OMV	B	10	5	0	4	AT
ORACLE	ORC	B	50	20	0	6	
PERNOD-RICARD	PER	3	20	10	-10	6	FR
PEUGEOT	PEU	2	20	10	-10	6	FR
PINAULT PRINTEMPS	PPX	3	20	10	-10	6	FR
PORSCHE	POR3	5	20	10	-10	6	DE
Premiere	PRE	1	50	20	0	6	DE
PUBLICIS GROUPE	PU4	2	20	10	-10	6	FR
Q-Cells	QCE	2	20	10	-10	6	DE
QIAGEN	QIA	1	50	20	0	6	DE
Raiffeisen Int. Bank-Hldg	RIBH	B	10	5	0	4	AT
Randstadt	RSH	2	NA	10	-10	6	NL

RHI	RHI	B	10	5	0	4	AT
ROYAL DUTCH SHELL A	ROY	2	NA	50	-50	8	NL
SALZGITTER	SZG	3	20	10	-10	6	DE
SAMPO	SMPA	B	100	50	0	6	SC
SBM OFFSHORE	SBMO	2	NA	10	-10	6	NL
SODEXHO ALLIANCE	SJ7	2	20	10	-10	6	FR
SOLARWORLD	SWV	2	20	10	-10	6	DE
Stada	SAZ	2	20	10	-10	6	DE
STMICROELECTRONICS	SGM	1	50	20	-80	6	FR
STORA ENSO	ENUR	A	100	50	0	6	SC
SUN MICROSYSTEMS	SSY	B	200	100	0	6	
TELECOM ITALIA	TQIR	A	50	20	0	7	IT
Telekom Austria	TK1	B	10	5	0	4	AT
TELIASONERA	TLSN	A	50	20	0	6	SC
TF1	FSE	2	20	10	-10	6	FR
THALES	CSF	2	20	10	-10	6	FR
THOMSON	TNM	1	20	10	-40	6	FR
THYSSEN	TKA	2	NA	20	-30	8	DE
TIETO ENATOR	TTEB	B	50	20	0	6	SC
TIME WARNER	AOL	B	50	20	0	6	
TNT	TNT	2	NA	10	-40	6	NL
TOM TOM	OEM	2	NA	10	-10	6	NL
TUI	TUI	2	NA	50	0	8	DE
UNITED INTERNET	UTDI	2	50	20	0	6	DE
UPM-KYMMENE	RPL	A	100	50	0	6	SC
Vallourec	VAC	4	20	10	-10	6	FR
VAN DER MOOLEN	VMH	1	NA	10	-40	7	NL
VEDIOR	VED	2	NA	10	-40	6	NL
VEOLIA ENVIRONMENT	VVD	2	20	10	-40	6	FR
Verbundgesellschaft Kat. A	VER	B	10	5	0	4	AT
Voestalpine	VOE	B	10	5	0	4	AT
Wienerberger	WIE	B	10	5	0	4	AT
WOLTERS KLUWER	WOS	2	NA	10	-40	6	NL

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		change in AMM/ PMM	Number of expirations to be quoted for PMM/AMM	AMM Package ID
			RMM	AMM / PMM			
Options on							
Russian Depository Receipts							
Lukoil (OAO)	LUK	2	50	20		6	RU
MMC Norilsk Nickel	NNIA	B	50	20		6	RU
OAO Gazprom	GAZ	2	100	50		6	RU
Surgutneftegaz	SGN	A	50	20		6	RU

Product	Product ID	Spread Class	Minimum Quote Size (Contracts)		change in AMM/ PMM	Number of expirations to be quoted for PMM/AMM
			RMM	AMM / PMM		
EXTF Options on						
						the first
DAX® EX	EXS1	A	50	20		7
iShares Dow Jones EURO STOXX® 50	EUN2	A	50	20		7
XMTCH on SMI®	XMT	A	50	20		7

2. **Spread classes**

New spread classes affecting the segments CH/ DE/ FR/ NL

Bid up to	Maximum spreads	
	Expiries	
	≤ 8	> 8
Class 1		
0 - 1	0,10	0,15
1.01-5	10%	15%
Bid > 5	0,50	0,75

Bid up to	Maximum spreads	
	Expiries	
	≤ 8	> 8
Class 2		
0 - 1.5	0,15	0,25
1.51 - 15	10%	15%
> 15	1,50	2,25

Bid up to	Maximum spreads	
	Expiries	
	≤ 8	> 8
Class 3		
0 - 2	0,20	0,30
2.01 - 20	10%	15%
> 20	2,00	3,00

Bid up to	Maximum spreads	
	Expiries	
	≤ 8	> 8
Class 4		
0 - 5	0,50	0,75
5.01 - 50	10%	15%
> 50	5,00	7,50

Bid up to	Maximum spreads	
	Expiries	
	≤ 8	> 8
Class 5		
0 - 20	2,00	3,00
20.01 - 200	10%	15%
> 200	20,00	30,00

Spread classes featuring the segments ES/ IT/ AT/ RU/ SC

Bid up to	Maximum spreads	
	Expiries	
	≤ 8	> 8
Class A		
0 - 1	0,15	0,20
1.01 - 15	15%	20%
> 15	2,25	3,00

Bid up to	Maximum spreads	
	Expiries	
	≤ 8	> 8
Class B		
0 - 1	0,20	0,25
1.01 - 15	20%	25%
> 15	3,00	3,75

3. The new Market Maker obligations can be found as well on the Eurex website:

www.eurexchange.com > Trading > Market Model > Market-Making > Market Maker Obligations

Frankfurt, October 19, 2007