X-pand into the Future

eurex circular 147/10

Date: Frankfurt, July 30, 2010
Sender: 1. Eurex Deutschland and Eurex Zürich
2. Eurex Clearing AG
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich, all Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Michael Peters

Options on Money Market Derivatives: Change of Calculation Method for Market Maker Fees and Harmonization of Volume Rebates

Related Eurex Circular: 022/02

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Content may be most important for:

➲ All departments

Attachments:

Eurex Clearing AG

Updated sections of the Price List for Eurex Clearing AG

Also:

Application for the Status of Market Maker in EURIBOR Options

Summary:

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to change the calculation method for Market Maker fees with effect from **August 2, 2010** for options on Three-Month EURIBOR Futures (product code: OEU3), following the change in fee calculation that had been announced with Eurex circular 022/02.

Moreover, it was decided to harmonize volume rebates for options on Three-Month EURIBOR Futures with the volume rebates granted for options on Euro fixed income futures.

As of August 2, 2010, the updated Price List for Eurex Clearing AG will be available for download on the Eurex Clearing website under the path:

www.eurexclearing.com > Documents > Rules & Regulations > Price Lists

Options on Money Market Derivatives: Change of Calculation Method for Market Maker Fees and Harmonization of Volume Rebates

The Management Boards of the Eurex Exchanges and the Executive Board of Eurex Clearing AG decided to change the calculation method for Market Maker fees with effect from **August 2, 2010** for options on Three-Month EURIBOR Futures (product code: OEU3), following the change in fee calculation that had been announced with Eurex circular 022/02.

The new fee calculation method will be in line with the method applied for options on Euro fixed income futures and will take into account the high level of OTC block trade business performed in this segment and the high take-up volume in the A- or P-accounts for Market Makers.

The fee model will be adjusted by extending Market Maker fee refunds to cover the net position account transfers towards M-accounts, up to a maximum of the overall take-up volume in product OEU3. For EURIBOR options, the reduced fees apply for all contracts traded on the M-account, as well as for net positions transferred onto the M-account, up to a maximum of the overall take-up volume.

Moreover, it was decided to harmonize volume rebates for options on Three-Month EURIBOR Futures with the volume rebates granted for options on Euro fixed income futures.

As of August 2, 2010, the updated Price List for Eurex Clearing AG will be available for download on the Eurex Clearing website under the path:

www.eurexclearing.com > Documents > Rules & Regulations > Price Lists

Eurex Members who are interested in Market-Making in EURIBOR-Options are requested to fill in the attached form “Application for the Status of Market Maker in EURIBOR Options” and fax it to the number given on the form.

Frankfurt, July 30, 2010

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CHANGES ARE MARKED AS FOLLOWS:

AMENDMENTS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[...]

3 Transaction Fees of Eurex Deutschland and Eurex Zürich

[...]

3.1 Matching of Exchange Transactions / Recording of Derivatives Transactions (Trade)

3.1.1 Exchange Transactions

[...]

3.1.1.2 Rebates

(1) With regard to payable transaction fees which originate from the matching respectively the registration of derivatives transactions (Trade) within the meaning of Number 3.1.1.1 ("Regular Transactions") of Clearing Members and which have been entered into their proprietary position accounts (P-Accounts), rebates shall be granted to the respective Clearing Member, if – with respect to specific product groups – the minimum number of such transactions determined by ECAG in Paragraph 3 as lower limit of step 1 (transaction volume) is equalled or exceeded within a calendar month.

Clause 1 applies accordingly to payable transaction fees which originate from the matching respectively the entry of derivatives transactions (Trade) within the meaning of Number 3.1.1.1 ("Regular Transactions") of a Non-Clearing Member and which have been entered into their proprietary position accounts (P-Accounts).

The regulations pursuant to Clause 1 and 2 do not apply to trades which are initially entered into proprietary position accounts (P-Accounts) and are afterwards transferred to the customer account (A-Account) of a Clearing Member respectively a Non-Clearing Member.

(2) Transaction volumes in regular transactions pursuant to 3.1.1.1 which are entered into the M-position accounts (M-Accounts), shall be added to the transaction volume within the meaning of Paragraph 1, in case a Clearing Member respectively Non-Clearing Member of a Clearing Member is not granted any rebates for transaction fees to be paid in connection with the execution of Market Making.

(3) Rebates on payable transaction fees within the meaning of Paragraph 1 and 2 are granted if such fee claims have arisen from trades within one calendar month and if the minimum number of transactions determined afterwards (Transaction Volumes) per product group has been equalled or exceeded. The minimum transaction volumes for each product group are listed in the following rebate scale:

Product Group:	Level 1		Level 2		Level 3
	From *	To *	From *	To *	From*
Equity Derivatives	–	–	–	–	–
Stock Options/LEPOs	100,001	200,000	200,001	600,000	600,001
Equity Index Derivatives	–	–	–	–	–
Futures	200,001	400,000	400,001	1.200,000	1,200,001
Options	40,001	80,000	80,001	240,000	240,001
Interest Derivatives	–	–	–	–	–
Futures	400,001	800,000	800,001	2,400.000	2,400,001
Options (other than Options on Three-Month EURIBOR Futures)	10,001	20,000	20,001	60,000	60,001
Options on on Three-Month EURIBOR Futures	10,001	20,000	20,001	60,000	60,001

* ~~with respect to contracts~~The numbers specified in this column refer to the number of contracts entered into.

** By calculating the minimum number of contracts entered into exchange transactions pursuant to number 3.1.1.1 and OTC transactions pursuant to number 3.1.2.1 are taken into account.

[...]

Application Form – Market-Making Scheme

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

Application for the Status of Market Maker in EURIBOR Options

1. We _____
(name of member)

herewith apply for the status of Market Maker in the following contract

Product	**Eurex Code**	**Please tick (✓) if appropriate**
Options on Three-Month EURIBOR Futures ("EURIBOR Options")	OEU3	☐ yes

for the period from August 2, 2010 until December 31, 2011 (commitment period) in accordance with the terms and conditions stated in the Market Maker Quote Obligations.

2. As a Market Maker

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

- for the minimum number of contracts specified in the quote obligations
- in compliance with the Maximum Spreads (see Quote Obligations); and
- for the period of time specified in the Quote Obligations
- quotation either via trading screen or over the telephone

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 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 fulfill these obligations.

3. Eurex will in return

a) - if required - mention the name of the Eurex Member with the Market Maker status in advertising and informative material in connection with the contracts;

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

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 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 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 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 Market Makers must, for their part, ensure that the 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 Market Maker status, which expires on December 31, 2011. After that time, the title "Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The Quote Obligations 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 Market Maker to the indicated fax number.