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# e u r e x *circular 124/01*

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Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

**High Priority**

## Introduction of Uniform Fee Accounting for Market Making in all Stock Options, Index Options and Long-term Interest Rate Options

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**Content may be most important for:**

- Front Office / Trading
- Middle + Back Office
- Auditing / Security Coordination

**Attachments:** None

**Summary:**

At their meeting of 05 December, 2001 the Management Board of Eurex Clearing AG took the decision to unify the method of fee accounting for market making in all stock options, index options and long-term interest rate options.

As is currently the case for the DAX option and stock options in Group C, the new market maker accounting model will apply the reduced market maker fees, by means of a Fee Adjustment, only when the market maker obligations are met.

The market maker fees as well as all other charges for each contract remain unchanged.

The relevant sections of the Price List relating to the affected contracts will be modified accordingly, to take effect from **02 January, 2002**. These will be published in good time on our web-site “www.eurexchange.com” under ‘marketplace > rules and regulations > price list’.

# Introduction of Uniform Fee Accounting for Market Making in all Stock Options, Index Options and Long-term Interest Rate Options

At their meeting of 05 December, 2001 the Management Board of Eurex Clearing AG took the decision to unify the method of fee accounting for market making in all stock options, index options and long-term interest rate options. The aim is to establish a performance-related market maker model, that grants the reduced market maker fees only on the achievement of quotation requirements. The new fee accounting method follows the structure already existing for the DAX option and stock options in Group C. All country segments (German, Swiss, US, Finnish, Dutch, Italian and French) and the Neuer Markt segment are included.

Reduced market maker fees are tied to the fulfillment of the market maker obligations and will be accounted on the monthly invoice (as for the Group C stock options and the DAX option) via a Fee Adjustment entry for each contract (if appropriate) after first being booked at the level applicable to transactions on the A and P accounts.

The criteria for fulfilling the market maker obligations in all contracts remain unchanged.

The revised fee accounting method will apply to the following contracts for the first time from **02 January, 2002**:

1. **Stock Options**
   German, Finnish, Swiss, US, Italian, French and Neuer Markt- stock options with maturities up to 9 or 12 months as well as Dutch stock options with maturities up to 3 years, together with the associated LEPOs

2. **Index Options**
   - Dow Jones Euro STOXX 50 Option (OESX)
   - Dow Jones STOXX 50 Option (OSTX)
   - SMI Option (OSMI)
   - NEMAX 50 Option (ON50)
   - HEX25 Option (OFOX)
   - Dow Jones Global Titans 50 Index-Option (OGTI)
   - Dow Jones Euro STOXX Sector index Options (OESB, OEST, OESY, OESH)

3. **Interest Rate Options**
   - Option on a Euro SCHATZ Future (OGBS)
   - Option on a Euro BOBL Future (OGBM)
   - Option on a Euro BUND Future (OGBL)

For the contracts named above, the relevant sections of the Price List will be modified accordingly, to take effect from **02 January, 2002**. These will be published in good time on our web-site “www.eurexchange.com ” under ‘marketplace > rules and regulations > price list’.

To monitor market maker performance, the report RPTTD945 (MM Performance – Fee-relevant) is available to each market making institution. In addition to the daily data relating to unfulfilled obligations (quote request violations) this report also contains month-to-date values so that any deficit is always clearly shown.

For technical reasons the fee data from the last trading day in any calendar month is included only in the account of the following month.

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