

Options on ETFs

Product Presentation

August 2017



Your advantage trading Eurex ETF-Options

On-screen liquidity

- Tradable volume of 3m notional on-screen. More volume always available through request towards market makers.

Physical delivery

- ETF-Options are settled physical

Option strategies

- The physical settlement of ETF-Options allow an exact realization of strategies in combination with the underlying without additional spread costs of a possible cash-leg transaction

Central Counterparty and margin efficiency

- Eurex Clearing guarantees a secure settlement as CCP and clients benefit of cross margin efficiencies

New ETF Options offering

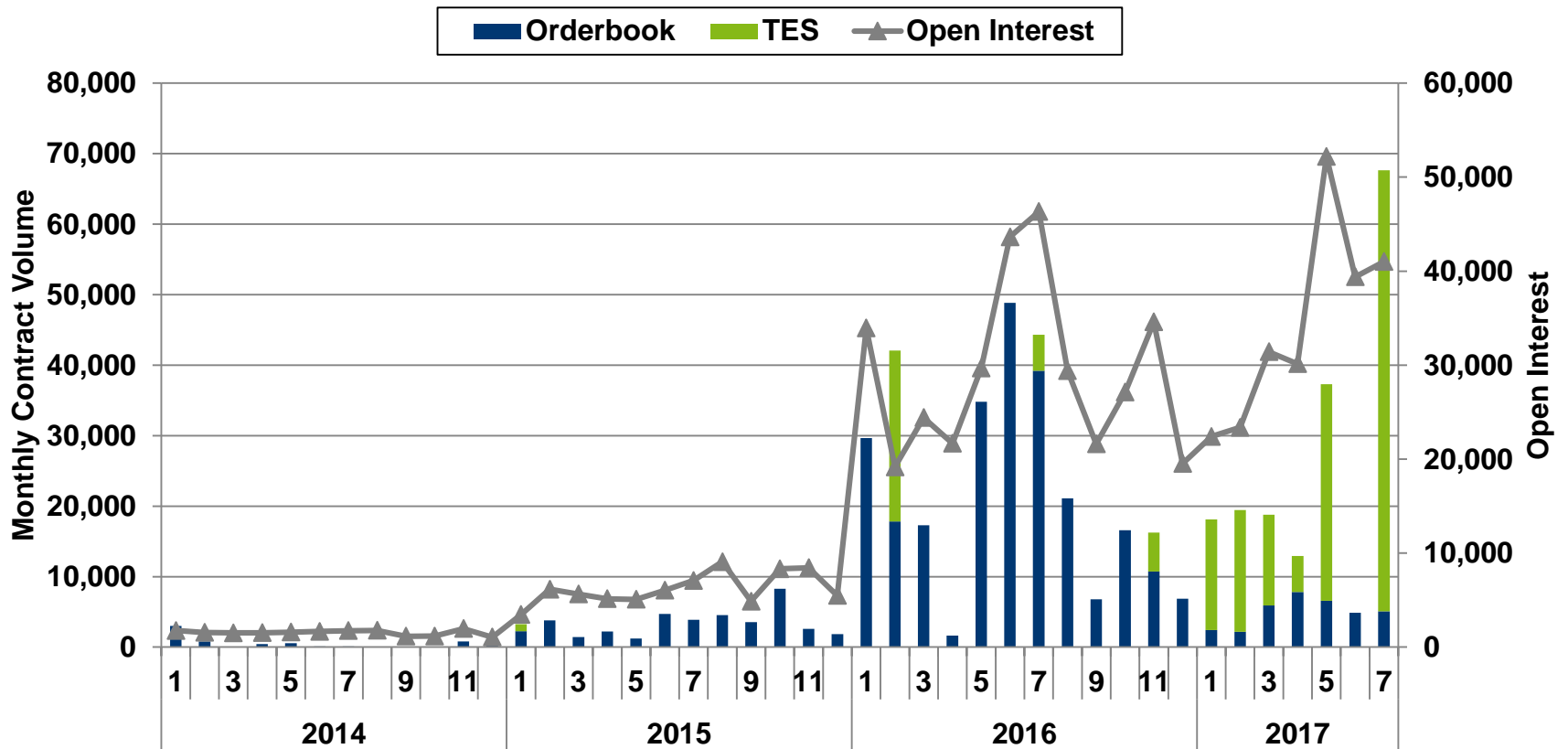
Overview of listed Underlying ETF's

Product Name	Underlying ISIN	Underlying Ticker	Underlying Market	Currency	ETF Fact Sheet online	Eurex Contract Codes	Launch date	Contract Size Options	Tick Size Options	Minimum Block Size (F&O)	Exercise	Final Settlement Price	Maturity	Trading Hours
db x-trackers ETFs														
db x-trackers MSCI Emerging Markets TRN	LU0292107645	XMEU GY	XETR	EUR	Link	DBX1	Dec-10	100	0.01	100	European	NAV	24 months	9:00-17:30
db x-trackers MSCI World TRN	LU0274208692	XMWO GY	XETR	EUR	Link	DBXW	Dec-10	100	0.01	100	European	NAV	24 months	9:00-17:30
db x-trackers MSCI Europe TRN	LU0274209237	XMEM GY	XETR	EUR	Link	DBXA	Dec-10	100	0.01	100	European	NAV	24 months	9:00-17:30
db x-trackers Harvest CSI300 UCITS ETF	LU0875160326	RQFI GY	XETR	EUR	Link	-	-	-	-	-	-	-	-	-
iShares ETFs														
iShares DAX® UCITS ETF (DE)	DE0005933931	DAXEX GY	XETR	EUR	Link	EXS1	Nov-02	100	0.01	2500	American	Closing auction	24 months	9:00-17:30
iShares EURO STOXX 50® UCITS ETF	IE0008471009	EUN2 GY	XETR	EUR	Link	EUN2	Nov-02	100	0.01	5000	American	Closing auction	24 months	9:00-17:30
iShares SMI® (CH)	CH0008899764	CSSMI SW	XSWX	CHF	Link	XMT	Nov-02	100	0.01	1000	American	Closing auction	24 months	9:00-17:30
iShares EURO STOXX Banks 30-15 UCITS ETF (DE)	DE0006289309	SX7EEX GY	XETR	EUR	Link	EXX1	Apr-17	100	0.01	5000	American	Closing auction	24 months	9:00-17:30
iShares STOXX Europe 600 UCITS ETF (DE)	DE0002635307	SXXPIEX GY	XETR	EUR	Link	EXSA	Apr-17	100	0.01	2000	American	Closing auction	24 months	9:00-17:30
iShares MSCI Europe UCITS ETF (Dist)	IE00B1YZSC51	IQQY GY	XETR	EUR	Link	IQQY	Apr-17	100	0.01	1500	American	Closing auction	24 months	9:00-17:30
iShares MSCI Emerging Markets UCITS ETF (Dist)	IE00B0M63177	IDEM LN	XLON	USD	Link	IDEM	Apr-17	100	0.01	1000	American	Closing auction	24 months	9:00-17:30
iShares Core MSCI World UCITS ETF	IE00B4L5Y983	IWDA LN	XLON	USD	Link	IWDA	Apr-17	100	0.01	1000	American	Closing auction	24 months	9:00-17:30
iShares Core S&P 500 UCITS ETF	IE00B5BMR087	CSPX LN	XLON	USD	Link	CSPX	Apr-17	100	0.01	750	American	Closing auction	24 months	9:00-17:30
iShares Core FTSE 100 UCITS (Dist)	IE0005042456	ISF LN	XLON	GBX	Link	ISF	Apr-17	1,000	0.25	750	American	Closing auction	24 months	9:00-17:30
Exchange Traded Commodities														
ETFS Crude Oil	GB00B15KXV33	CRUD LN	XLON	USD	Link	OCRU	Jul-11	100	0.01	1	European	Closing auction	60 months	9:00-17:30
ETFS Physical Gold	JE00B1VS3770	PHAU LN	XLON	USD	Link	OPHA	Jul-11	100	0.01	1	European	Closing auction	60 months	9:00-17:30
Xetra-Gold®	DE000A0S9GB0	4GLD GY	XETR	EUR	Link	OXGL	Sep-10	1,000	0.01	100	European	Closing auction	60 months	9:00-17:30

Volume development of ETF-Options

Improved order book liquidity and price picture

Eurex ETF Options

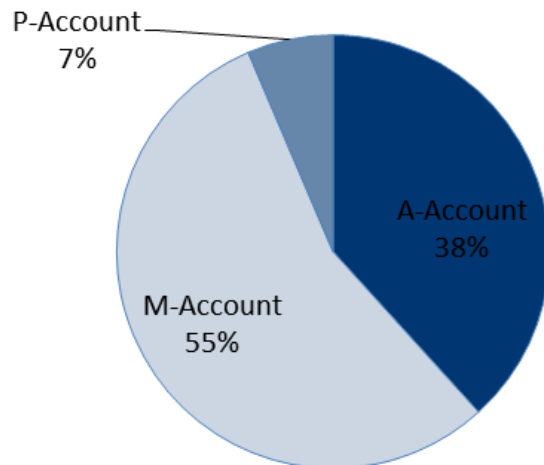


Volume development of ETF-Options

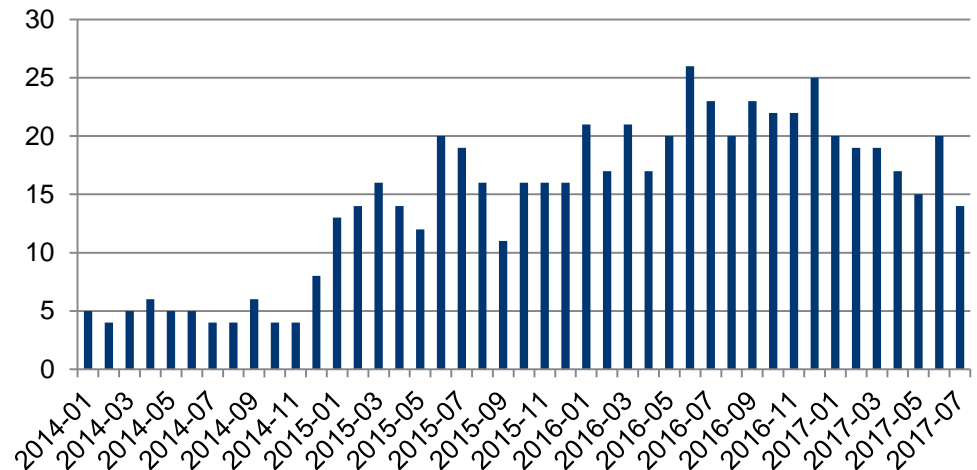
Number of trading participants and account roles

- Trading volume is broadly supported based on increasing number of market participants
- Good balance between market-making, proprietary and client flow with an A-Account market share of 38%

Account Distribution 2016



Number of active trading member per month in ETF Derivatives at Eurex



Comparison Equity Index Options vs. ETF-Options (1/3)

Product comparison of EURO STOXX50® Options vs. Options on ETF

	EURO STOXX 50® Index Options	iShares EURO STOXX 50® Options
Ticker	OESX	EUN2
Contract value	10 EUR per index point (~30'000 EUR notional)	100 shares of underlying (~3'000 EUR Nominal)
Settlement	Cash	Physical
Min block trade size	1,000 (~30m EUR Nominal)	5,000 (~15m EUR Nominal)
Final settlement price	Index value between 11:50 and 12:00 CET	Closing price of the underlying at the expiration date
Last trading day	Third Friday of the expiration month	
Exercise	European style	American style
Trading mechanism	Price/Time Priority	Pro-rata
Trading hours on the last trading day	09:00 – 12:00 CET	09:00 – 17:30 CET
Trading fees	Order book: EUR 0.30 Eurex TES: EUR 0.30	Order book: EUR 0.30 Eurex TES: EUR 0.40
Bloomberg codes	SX5E Index <OMON>	EUN2 GR Equity <OMON>

Comparison Equity Index Options vs. ETF-Options (2/3)

Trading: Example atm Put Option

	iShares EURO STOXX 50®-Options	EURO STOXX 50® Index-Options	Difference
Tradable Volume on-screen ¹	EUR 3,70m notional (1200 contracts)	EUR 6,60m notional (220 contracts)	EUR 2,9m
Tradable volume on-screen (Option premium) ¹	~EUR 170'000	~EUR 297'000	EUR 127'000
Bid/Ask spread from mid market (in % of strike price) ¹	0.15%	0.03%	0.12%
Implied volatility ²	19.80%	19.80%	-

¹Average prices per hour Eurex 1. 9.2016 – 20.10.2016, Source: Deutsche Börse StatistiX

² Live prices 01.11.2016, Source: Bloomberg

Comparison Equity Index Options vs. ETF-Options (3/3)

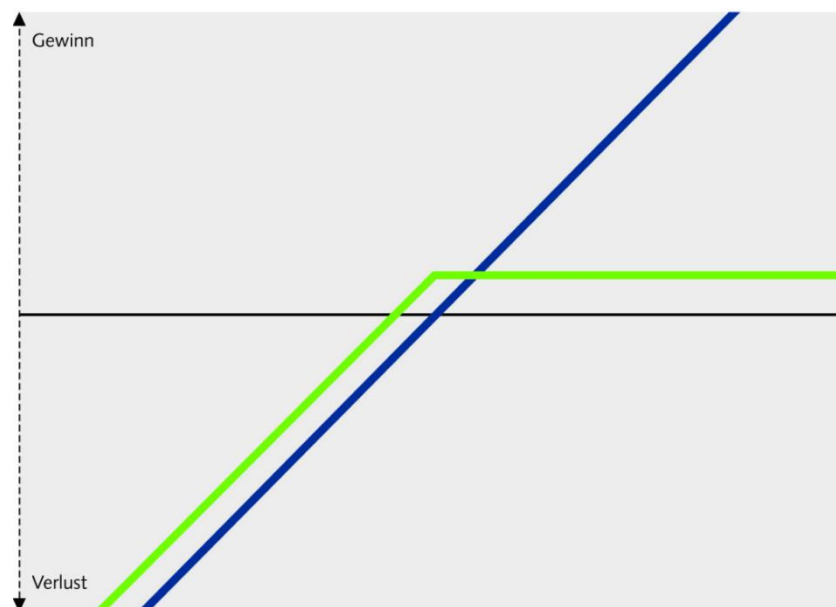
Comparison of 3m implied vol (mid market)



Source: Bloomberg

Strategies with ETF-Options – Building a position

Building a position via short Put instead of direct purchase



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Strategies with ETF-Options – Building a position

Building a position via short Put instead of direct purchase

Sell Put-Options

- Price underlying: EUR 35.00
- Strike price: EUR 35.00
- Time to maturity: 71 days (Jun 2017)
- Received premium (on-screen): EUR 1.14*
- Implied volatility: 19.50%*

Prices as of 6th of April 2017

Scenario 1: Underlying < Strike price

+100'000 iShares
at 33.86 EUR

Portfolio profitability:
0.65% absolute
3.30% p.a.

Scenario 2: Underlying > Strike price

+114'000 EUR
(3.25% / 16.50% p.a.)

Break-Even vs.
direct purchase:
EUR 36.14

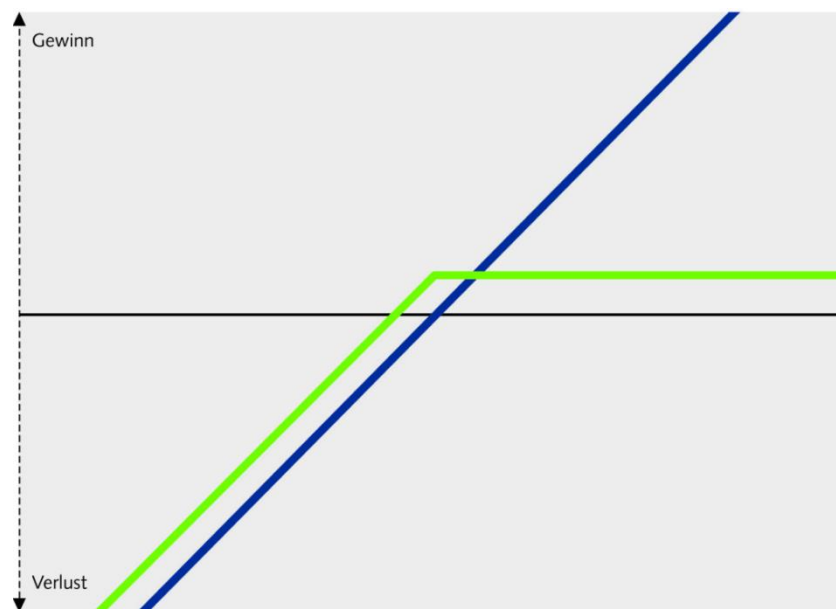
Strategies with ETF-Options – Position management

Management of existing ETF-Positions via covered call writing

500'000 iShares
EURO STOXX 50®
(17,50m notional)



=/- 100'000 iShares
EURO STOXX 50®
(3,50m notional)



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Strategies with ETF-Options – Position management

Management of existing ETF-Positions via covered call writing

Sell Call-Option	<ul style="list-style-type: none"> • Price underlying: EUR 35.00 • Strike price: EUR 35.00 • Time to maturity: 71 days (Jun 2017) • Received premium (on-screen): EUR 1.12* • Implied volatility: 19.80%*
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Prices as of 6th of April 2017

Scenario 1: Underlying > Strike price

-100'000 iShares
zu 36.12 EUR

Break-Even vs.
Holding the underlying:
EUR 36.12

Scenario 2: Underlying < Strike price

+112'000 EUR
(3.20% / 16.22% p.a.)

Portfolio profitability:
0.64% absolute
3.20% p.a.

Comparison of trading fees

Comparison of cost of trading with the example of the short put strategy

	iShares EURO STOXX 50®-Options	EURO STOXX 50® Index-Options	Difference
Sell transaction Put Options (Eurex Fee)	EUR 300.00 (1'000 contracts à 0.30 EUR)	EUR 30.00 (100 contracts à 0.30 EUR)	EUR 270.00
Sell transaction Put Options (Broker Fee)	Individual	Individual	-
Bid/Ask Spread Put Option ¹	EUR 4'650.00	EUR 930.00	EUR 3'720.00
Implied volatility ¹	19.80%	19.80%	-
Broker fee for Cash-Leg	Individual	Individual	-
Execution Fee	EUR 300	-	EUR 300.00
Bid/Ask-Spread Cash-Leg transaction ²	-	EUR 2'364.00	EUR -2'364.00
Execution Risk	No	Yes	Total 0.06% EUR 1'926.00

Liquidity provider for ETF Options

Contact details of Market Makers

Member	Contact person	Contact details	iShares ETF Options		Index Options	
			EUN2	EXS1	OESX	ODAX
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	Caspar van de Leeuw	+31 20 708 7820 casparvanderleeuw@Optiver.com	✓	✓	✓	✓
Optiver	Dimitrios Psycharis	+31 20 708 7756 wholesaletrading@optiver.com	✓	✓	✓	✓
BNP	Alain de Coudenhove	+33 1 4014 3924 Alain.coudenhove@bnpparibas.com	✓	✓	✓	✓

Market making scheme for the new ETF Options

Minimum Contract Size	EXW1 1,000 EXSA 500 IQQY 750	IDEM 500 IWDA 300 CSPX 100	ISF 100		
Maximum Spread	Bid up to	Maximum spreads			
		Expiration number			
		≤ 8	> 8		
	0 – 40.00	8	8		Spread class 12
	40.25 – 200.00	20%	20%		
	> 200.00	40	40		
	0 – 1.00	0.15	0.2		Spread class 14
	1.01 – 5.00	15%	20%		
	> 5.00	0.75	1		
	0 – 2.00	0.3	0.4		Spread class 16
2.01 – 20.00	15%	20%			
> 20.0	3	4			
	EXW1 14 EXSA 14 IQQY 14	IDEM 14 IWDA 14 CSPX 16	ISF 12		
Required Coverage	85 per cent of the total trading period on a monthly average.				
Maturity Range	4 out of the next 6 expiration months				
Incentive	100 per cent fee rebate for trades on the M-account until December 31, 2017, for fulfilling monthly obligations (afterwards standard PMM rebates of 50% apply)				

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