X-pand into the **Future**

eurex circular 008/10

Date: Frankfurt, January 14, 2010

Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors

Authorized by: Peter Reitz

⚠ **High priority**

Measures in Weekly Options

Related Eurex Circulars: 068/06, 007/07, 267/07

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Content may be most important for:	Attachments:
➲ All departments	Updated sections of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich

Summary:

In order to further promote trading activities in Weekly Options based on the equity indexes DAX® and Dow Jones EURO STOXX 50® the Management Boards of the Eurex Exchanges decided in their session on January 13, 2010, to continue offering a revenue sharing scheme for Market Makers in both products from **February 1, 2010 until December 31, 2011**.

Quotation of Weekly Options on the SMI® index will be discontinued effective **February 1, 2010**. At the same time, the exercise price interval in Weekly Options on the Dow Jones EURO STOXX 50® will change from currently 50 to 25 index points.

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Measures in Weekly Options

Since April 24, 2006 the Eurex product range comprises Weekly Options on the three indexes DAX®, Dow Jones EURO STOXX 50® and SMI®. Market Makers regularly quote in the products on the bluechip index DAX® and the Dow Jones EURO STOXX 50® index. However, this is not the case for Weekly Options on the SMI® index. Therefore, the Management Boards of the Eurex Exchanges decided to discontinue quotation of Weekly Options on the SMI® index effective February 1, 2010.

The current Market-Making scheme, which is running until January 31, 2010, is based on Permanent Market-Making for index options (PMM). For the Market Maker Obligations at Eurex please also see the Eurex website under the path:

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

To further improve trading activities, especially in the order book, it was decided to continue offering a revenue sharing scheme for Market Makers in the products on the bluechip index DAX® and the Dow Jones EURO STOXX 50® index.The two products will be considered separately and for each product 30 percent of the transaction fees from trading and clearing (pursuant to number 3.1 of the Price List) will be reimbursed to the Market Makers. This scheme will be applied in the period from February 1, 2010 to December 31, 2011.

Eurex will evaluate on a monthly basis which Market Makers have complied with the "Market Maker Obligations at Eurex". Based on the respective amount of traded contracts on M- or P-accounts in the order book, the three most active Market Makers will be determined per calendar month to participate in revenue sharing according to the following ranking:

Market Maker	Revenue Sharing for three Market Makers	Revenue Sharing for two Market Makers	Revenue Sharing for one Market Maker
1	12,5 %	17,5 %	30,0 %
2	10,0 %	12,5 %	
3	7,5 %		

Criteria for the Fulfillment of PMM in Weekly Options

- **Continuous Quotation**

Permanent Market-Making at Eurex consists of continuous quotation of a set of strike prices for a predefined set of expirations (maturity range). Continuous quotation has to be for an average of 85 percent of the trading period between 08:50 and 17:30 CET (calculated on a monthly average) on each exchange trading day per calendar month. PMMs will be obliged to quote calls and puts in five strike prices (i.e. in total ten series) out of a strike price window of the seven nearest strikes around the current index level within the maturity range. Asymmetric quotation is allowed. The maturity range for the Weekly Options comprises the front week and the second nearest week, whereas the third Friday of each month as the standard expiration is not considered as a Weekly Option.

At present, quote requests do not have to be answered.

- **Mininimum Quotation Size per Expiration Date**

Eurex Product	Front Week	Second nearest Week
Options on the DAX® (ODX*)	200	100
Options on the DJ EURO STOXX 50® (OES*)	200	100

In Fast Market the Minimum Quote Size will be reduced by 50 percent.

- **Maximum Spread**

Eurex Product	Spread Class	Bid up to: Max. Spread	Bid up to: Max. Spread	Bid up to: Max. Spread
Options on the DAX® (ODX*)	1 (+50%)	0 – 13,3: 2,1	13,4 – 133,3: 15%	> 133,3: 20,1
Options on the DJ EURO STOXX 50® (OES*)	1 (+50%)	0 – 13,3: 2,1	13,4 – 133,3: 15%	> 133,3: 20,1

In Fast Market the Maximum Spread will be increased by 100 percent.

Eurex Members interested in participating in this scheme do not have to apply for this specifically. The performance will be monitored automatically.

The revenue amount to be disbursed to the participants concerned will be communicated and paid on a monthly basis.

Frankfurt, January 14, 2010

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2. Part: Contract Specifications for Options Contracts

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2.4 Subpart: Contract Specifications for Index Options

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2.4.4 Term

Index Options are generally available at the Eurex Exchanges for the following terms:

- 5 weeks: up to and including the next, the second, the third and the fourth succeeding expiration days.
- 12 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December)
- 24 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December) and up to the next two succeeding half-year expiration days (June and December) thereafter
- 36 months: up to and including the next, the second next and the third succeeding expiration days and up to and including the next 11 succeeding quarterly expiration days (March, June, September, December)
- 60 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December) as well as up to the next four half-year expiration days (June, December) thereafter and up to the next two succeeding yearly expiration days (December).
- 9 years and 11 months: up to and including the next, the second and the third succeeding expiration days and up to and including the next three succeeding quarterly expiration days (March, June, September, December) as well as up to the next four half-year expiration days (June, December) thereafter and up to the next seven succeeding yearly expiration days (December).

Index Options are currently available at the Eurex Exchanges for the following terms, such terms being determined by the Board of Management of the Eurex Exchanges:

Product	Term Groups	
DAX® Options contracts	5 weeks	60 months
MDAX® Options contracts		24 months
TecDAX® Options contracts		24 months
DivDAX® Options contracts		24 months
OMXH25 Options contracts		12 months
SLI Swiss Leader Index® Options contracts		60 months
SMI® Options contracts	~~5 weeks~~	60 months
SMIM® Options contracts		24 months
DJ EURO STOXX 50® Index Options contracts	5 weeks	9 years 11 months
DJ EURO STOXX® Select Dividend 30 Index Options contracts		24 months
DJ STOXX 50® Index Options contracts		24 months
Dow Jones STOXX® 600 Index		24 months
Dow Jones STOXX® Large 200 Index		24 months
Dow Jones STOXX® Mid 200 Index		24 months
Dow Jones STOXX® Small 200 Index		24 months
DJ Global Titans 50SM Index (EUR) Options contracts		24 months
DJ EURO STOXX® Sector Index Options contracts		24 months
DJ STOXX® 600 Sector Index Options contracts		24 months
MSCI Russia Index Options contracts		26 months

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2.4.6 Exercise Prices

(1) Option series of options contracts on the Dow Jones STOXX® 50 Index, Dow Jones EURO STOXX® Select Dividend 30 Index the Dow Jones Italy Titans30SM and the MDAX® Index may have exercise prices with price gradation of 50 points for terms up to 12 months or 100 points for terms of more than 12 months.

Option series of options contracts on DAX® and SMI® may have exercise prices with price gradation of 50 points for terms up to 12 months or 100 points for terms of 13 to 24 months, or 200 points for terms of more than 24 months.

Option series of options contracts on the SLI® may have exercise prices with price gradation of five points for terms up to three months, ten points for terms of four to 12 months, 20 points for terms of 13 to 24 months or 50 points for terms more than 24 months.

Options series of options contracts on the Dow Jones EURO STOXX® 50 Index may have exercise prices with price gradations of 50 points for terms up to 36 months or 100 points for terms of more than 36 months. Options series of the term group up to five weeks on the Dow Jones EURO STOXX 50® may have exercise prices with price gradations of 25 points.

(2) Option series of options contracts on Dow Jones STOXX® 600 Index, Dow Jones STOXX® Large 200 Index, Dow Jones STOXX® Mid 200 Index and Dow Jones STOXX® Mid 200 Index and DivDAX®, may have exercise prices with price gradation of five points for terms up to twelve months or ten points for terms of more than 12 months.

(3) Option series of options contracts on TecDax®, Dow Jones Global Titans 50℠ Index (EUR), Dow Jones EURO STOXX® Sector Indices, Dow Jones STOXX® 600 Sector Indices, MSCI Russia and the SMIM® may have exercise prices with price gradations of five points for terms up to three months, of 10 points for terms from four to 12 months or of 20 points for terms of more than 12 months.

(4) Option series of options contracts on OMXH25 may have exercise prices with price gradations of 25 points.

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