



eurex circular 035/08

Date: Frankfurt, February 18, 2008
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Peter Reitz



Action required



High priority

Single Stock Futures: Designated Market-Making - Revenue Sharing Scheme and Quote Obligations

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Content may be most important for:

☞ All departments

Attachments:

1. Designated Market Maker Quote Obligations and revenue sharing scheme
2. Designated Market Maker Application

In order to promote trading activities in Single Stock Futures contracts on the blue chip index DAX[®] 30 and Dow Jones EURO STOXX 50[®] index components, the Executive Board of Eurex Clearing AG decided in its session on January 23, 2008, to offer a Designated Market-Making (DMM) Scheme and a revenue sharing program in these products in the period between **March 1, 2008 to February 28, 2010**.

As a DMM, a Eurex Member agrees to supply continuous bid and ask prices (quotes) for a determined minimum number of contracts during a fixed period of time in compliance with maximum spreads.

If a Designated Market Maker fulfils the obligations, Eurex in return will reimburse 100 percent of the fees for transactions concluded by the Designated Market Maker on M-accounts. Furthermore, for Market Makers registering before the DMM program begins, Eurex offers a revenue sharing scheme.

For details and the exact parameters of the quote obligations and the revenue sharing scheme, please see attachment 1.

Participants interested in fulfilling Designated Market Maker functions should complete the Designated Market Maker application form (attachment 2) and return it to Eurex at fax no. +49-69-211-1 44 61, for the attention of Sascha Semroch, who will also be happy to answer any questions you may have.



Single Stock Futures: Designated Market-Making - Revenue Sharing Scheme and Quote Obligations

1. Designated Market-Making Fees:

Upon fulfilment of the market-making obligations on a monthly basis, Eurex will reimburse 100 percent of the fees for transactions concluded by the DMM on M-accounts. The DMM programme starts on March 1, 2008 and ends on February 28, 2010.

2. Revenue Sharing Scheme:

- Market Makers that apply for the DMM Scheme prior to the start of the DMM programme are entitled to receiving up to 30 percent of the revenues (without rebates) that are generated in the Eurex electronic order book (pursuant to section 3.1.1.1 of the Price List) in the Single Stock Futures segment.
- The revenue sharing fund will be split at the end of each twelve-month-period between the beneficiaries according to their market share in the electronic order book. Beneficiaries will need to fulfil their obligations in at least ten months during this twelve month period.
- The market share is defined as the percentage share of a specific Designated Market Maker's volume in the cumulated volume of all Designated Market Makers participating in this Revenue Sharing Scheme. Only order book volume traded out of the M-account is relevant.
- Each twelve-month-period starts on March 1 and ends on February 28 in the following calendar year.

3. Market-Making Obligations:

- Designated Market Makers commit to quoting a specified range of Single Stock Futures products. The quotes should represent a minimum number of contracts quoted with a maximum spread.
- Section 3.1. contains the minimum quote sizes on product level.
- The maximum spread will be 0.2 percent of the Futures' Bid price, or at least 10 eurocents.
- The quotation period will be at least 80 percent of the daily trading hours between 9:00 and 17:30 CET on a monthly average.
- The product range covers all constituents of the DAX[®] 30 Performance index and the Dow Jones EURO STOXX 50[®] index.
- There will be fifteen exceptions. Eurex reserves the right to decrease the number of exceptions at a later stage.
- The contract months to be quoted are the Front Month and the following two quarterly contract months.

3.1. Minimum Quote Sizes

PRODUCT	Product-ID	Minimum Quote Size
FUT ON ADIDAS AG	ADSG	20
FUT ON AEGON	AENF	100
FUT ON AIR LIQUIDE	AIRG	10
FUT ON ALCATEL	CGEF	200
FUT ON ALLIANZ AG	ALVF	100
FUT ON ARCELORMITTAL	ISPF	50

PRODUCT	Product-ID	Minimum Quote Size
FUT ON ASSICURAZIONI GENERALI	ASGF	20
FUT ON AXA	AXAF	100
FUT ON BANCO BILBAO VIZ. ARG.	BBVF	50
FUT ON BANCO SANTANDER CEN. H.	SANF	50
FUT ON BASF AG	BASF	25
FUT ON BAYER AG	BAYF	25
FUT ON BMW AG	BMWV	50
FUT ON BNP PARIBAS	BNPG	10
FUT ON CARREFOUR	CARF	50
FUT ON COMMERZBANK AG	CBKF	50
FUT ON CONTINENTAL AG	CONG	10
FUT ON CREDIT AGRICOLE	XCAG	50
FUT ON DAIMLER AG	DCXF	25
FUT ON DANONE	BSNG	10
FUT ON DEUTSCHE BANK AG	DBKF	25
FUT ON DEUTSCHE BOERSE AG	DB1G	10
FUT ON DEUTSCHE POST AG	DPWF	50
FUT ON DEUTSCHE POSTBANK	DPBF	10
FUT ON DEUTSCHE TELEKOM AG	DTEF	500
FUT ON E.ON AG	EOAG	10
FUT ON ENEL SPA	ENLF	20
FUT ON ENI SPA	ENTF	20
FUT ON FORTIS	FO4G	100
FUT ON FRANCE TELECOM	FTEF	100
FUT ON FRESENIUS MEDICAL CARE	FMEH	10
FUT ON HENKEL	HENG	10
FUT ON HYPO REAL ESTATE HOLD.	HRXF	10
FUT ON IBERDROLA SA	IBEG	20
FUT ON INFINEON	IFXF	200
FUT ON ING	INNF	100
FUT ON Intesa Sanpaolo	IESG	20
FUT ON LINDE	LING	10
FUT ON LOREAL	LORF	10
FUT ON LUFTHANSA	LHAF	50
FUT ON LVMH	MOHF	10
FUT ON MAN	MANG	10
FUT ON MERCK	MRKF	10
FUT ON METRO	MEOF	10
FUT ON MUENCHNER RUECKVERS.	MU2F	100
FUT ON NOKIA CORP.	NO3F	200
FUT ON PHILIPS	PH1F	100
FUT ON RENAULT	RNLF	10
FUT ON REPSOL YPF SA	REPF	20
FUT ON RWE AG	RWEF	25
FUT ON SAINT-GOBAIN	GOBF	25
FUT ON SANOFI-AVENTIS SA	SNWF	10

PRODUCT	Product-ID	Minimum Quote Size
FUT ON SAP AG	SAPG	100
FUT ON SCHNEIDER ELECTRIC	SNDG	10
FUT ON SIEMENS AG	SIEF	25
FUT ON SOCIETE GENERALE SA	SGEG	10
FUT ON SUEZ SA	LYOF	100
PRODUCT	Product-ID	Minimum Quote Size
FUT ON TELECOM ITALIA SPA	TQIF	20
FUT ON TELEFONICA SA	TEFF	50
FUT ON THYSSEN KRUPP AG	TKAG	20
FUT ON TOTAL	TOTG	50
FUT ON TUI AG	TUIF	50
FUT ON UNICREDITO ITALIANO	CR5F	20
FUT ON UNILEVER CVA	UNIH	100
FUT ON VINCI	SQUG	20
FUT ON VIVENDI SA	VVUF	100
FUT ON VW AG	VOWF	25

In a case where one of the above companies is affected by a corporate action in a way that Eurex introduces a Single Stock Future product with a standard contract multiplier as its successor, the Designated Market Makers are obliged to quote this newly introduced Single Stock Future as of the beginning of the following calendar month after its first trading day. This also applies in the event of a change in the composition of the blue chip index DAX[®] 30 or Euro STOXX 50[®] index.



Application Form - Designated Market Making Scheme

To Eurex Clearing AG
c/o
Sascha Semroch
Neue Börsenstraße 1

D-60487 Frankfurt am Main

Fax no.: +49-69-211-1 44 61

Application for the Status of Designated Market Maker in Futures Contracts on Shares ("Single Stock Futures Contracts").

1. We _____
(name of firm, member ID)

herewith apply for the status of Designated Market Maker (DMM) in Single Stock Futures contracts on all components of the DAX[®]30 Performance index and the Dow Jones EURO STOXX 50[®] index for the period from March 1st 2008 until February 28th 2010 (commitment period) in accordance with the terms and conditions stated in the Quote Obligations (point 8).

2. As a Designated Market Maker

a) we will provide bid and ask prices in compliance with:

- the minimum number of contracts,
- the maximum spreads,
- the period of time specified (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract), and
- for the defined contract months

as specified in the Quote Obligations.

- 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 technical and personnel resources are available for Designated Market-Making; and
- d) we will inform Eurex within one business day in the event that we find ourselves temporarily not in a position to fulfill these obligations.



3. In return

- a) Eurex will mention the name of the EUREX member with the Designated Market Maker status in advertising and informative material in connection with the contracts, if applicable;
 - b) Eurex will supply speakers and printed material for seminars organized by the Designated Market Makers regarding the Single Stock Futures contracts, provided the necessary resources are available.
 - c) Eurex will refund all trading and clearing fees for the contracts traded by the Designated Market Makers on M accounts up to February 28th 2010. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if Single Stock Futures are traded on A or P accounts or if the Quote Obligations are not fulfilled.
 - d) In addition, provided that this application is sent to Eurex **before the beginning of the DMM program**, Designated Market Makers will participate in the following revenue sharing scheme:
 - Designated Market Makers that participate in the revenue sharing scheme are entitled to receive up to 30% of the net revenues (transaction fees minus Designated Market Maker rebates) that are generated in the Eurex electronic order book in the Single Stock Futures segment.
 - The revenue sharing fund will be split at the end of each 12 month period between the beneficiaries according to their market share in the electronic order book. Beneficiaries will need to fulfill their quote obligations in at least 10 months during this 12 month period.
 - The market share is defined as the percentage share of the Designated Market Maker's volume in the cumulated volume of all Designated Market Makers participating in this Revenue Sharing Scheme. The volumes consist of trades in the electronic order book, in the M-account.
 - Each 12 month period starts on March 1st and ends on February 28th of the following calendar year.
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 Designated Market Maker status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.
 5. At the end of the first 12 month period we, as well as Eurex have the right to terminate this agreement. A termination has to be announced 10 business days before the first 12 month period ends (28th February 2009). In this case, Eurex shall be released from its obligations pursuant to No. 3 for the second 12 month period.
 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 Designated 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 Designated Market Makers must, for their part, ensure that the Designated 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 Designated Market Maker status, which expires on February 28th 2010. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.
8. Quote Obligations for Single Stock Futures
 - Designated Market Makers commit to quoting a specified range of Single Stock Futures products. The quotes should represent a minimum number of contracts quoted with a maximum spread.
 - The table "Minimum Quote Sizes" below contains the minimum quote sizes on a product level.
 - The maximum spread will be 0.2% of the Futures' Bid price, or at least 10 euro cents.
 - The quotation period will be at least 80% of the daily trading hours between 9:00 and 17:30 CET on a monthly average.
 - The product range covers all constituents of the DAX[®] 30 Performance index and the Dow Jones EURO STOXX 50[®] index.
 - There will be 15 exceptions. Eurex reserves the right to decrease the number of exceptions at a later stage.
 - The contract months to be quoted are the Front Month and the following two quarterly contract months
 - Minimum Quote Sizes:

PRODUCT	PRODUCT ID	Minimum Quote Size
FUT ON ADIDAS AG	ADSG	20
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FUT ON AXA	AXAF	100
FUT ON BANCO BILBAO VIZ. ARG.	BBVF	50
FUT ON BANCO SANTANDER CEN. H.	SANF	50
FUT ON BASF AG	BASF	25



PRODUCT	PRODUCT ID	Minimum Quote Size
FUT ON BAYER AG	BAYF	25
FUT ON BMW AG	BMWF	50
FUT ON BNP PARIBAS	BNPG	10
FUT ON CARREFOUR	CARF	50
FUT ON COMMERZBANK AG	CBKF	50
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FUT ON LINDE	LING	10
FUT ON LOREAL	LORF	10
FUT ON LUFTHANSA	LHAF	50
FUT ON LVMH	MOHF	10
FUT ON MAN	MANG	10
FUT ON MERCK	MRKF	10
FUT ON METRO	MEOF	10
FUT ON MUENCHNER RUECKVERS.	MU2F	100
FUT ON NOKIA CORP.	NO3F	200
FUT ON PHILIPS	PH1F	100
FUT ON RENAULT	RNLF	10
FUT ON REPSOL YPF SA	REPF	20
FUT ON RWE AG	RWEF	25
FUT ON SAINT-GOBAIN	GOBF	25
FUT ON SANOFI-AVENTIS SA	SNWF	10
FUT ON SAP AG	SAPG	100
FUT ON SCHNEIDER ELECTRIC	SNDG	10
FUT ON SIEMENS AG	SIEF	25



PRODUCT	PRODUCT ID	Minimum Quote Size
FUT ON SOCIETE GENERALE SA	SGEG	10
FUT ON SUEZ SA	LYOF	100
FUT ON TELECOM ITALIA SPA	TQIF	20
FUT ON TELEFONICA SA	TEFF	50
FUT ON THYSSEN KRUPP AG	TKAG	20
FUT ON TOTAL	TOTG	50
FUT ON TUI AG	TUIF	50
FUT ON UNICREDITO ITALIANO	CR5F	20
FUT ON UNILEVER CVA	UNIH	100
FUT ON VINCI	SQUG	20
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9. Exclusively the law of the Federal Republic of Germany applies to this agreement. Sole place of jurisdiction for all disputes in connection with this agreement is Frankfurt am Main.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)

Name / Address of company

Name of the Representative

Position

Phone

Fax

Place, date

(Signature / Stamp of the company)

E-mail address

Please send the completed application for the status of Designated Market Maker to the given fax number.