

X-pand into the Future



eurex circular 090/09

Date: Frankfurt, May 15, 2009
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz



Volatility Index Derivatives:
A: Introduction of Mini-Futures on VSTOXX®
B: Introduction of a Designated Market-Making Scheme for
Mini-Futures on VSTOXX®
C: Delisting of three Volatility Futures

Contact: Alexey Weizmann (Product Strategy), tel. +49-69-211-1 97 33,
e-mail: alexey.weizmann@eurexchange.com

Content may be most important for:

➡ All departments

Attachments:

Updated sections of:

1. Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Clearing Conditions for Eurex Clearing AG
3. Price List for Eurex Clearing AG
4. Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation)
5. Designated Market-Making Scheme
6. Designated Market-Making Application Form

Summary:

The Management Boards of the Eurex Exchanges approved the following decisions in their session on May 13, 2009:

A: Introduction of Mini-Futures on VSTOXX® Index (FVS) as of **June 2, 2009**

B: Introduction of a Designated Market Maker Scheme for Mini-Futures on VSTOXX® (FVS) as of **June 2, 2009**

C: Delisting of three Volatility Futures: Futures on VSTOXX® (FVSX), futures on VDAX-NEW® (FVDX) and futures on VSMI® (FVSM) as of July 1, 2009.



Eurex Deutschland
Neue Börsenstraße 1
60487 Frankfurt/Main
Mailing address:
60485 Frankfurt/Main
Germany

T +49-69-211-1 17 00
F +49-69-211-1 17 01
customer.support@eurexchange.com
www.eurexchange.com

Management Board:
Thomas Book, Thomas Lenz,
Michael Peters, Andreas Preuß,
Peter Reitz, Jürg Spillmann
ARBN: 101 013 361

Volatility Index Derivatives:
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Mini-Futures on VSTOXX®
C: Delisting of three Volatility Futures

A: Introduction of Mini-Futures on VSTOXX®

1. Introduction Date

The introduction will take place on Tuesday, June 2, 2009.

2. Product Overview

Product Code	Product Name	Product ISIN	Contract Size	Minimum Price Change	Value of Minimum Price Change	Product Currency
FVS	Mini-Futures on VSTOXX®	DE000A0Z3CW9	EUR 100	0.05	EUR 5	EUR

Product Code	Underlying ISIN	Underlying Code	Block Trade Size	Market Order Matching Range	Product Group
FVS	DE000A0C3QF1	V2TX	1000	1 (corresponds to 20 Ticks, or EUR100)	XNCFVE

3. Contract Specifications

For detailed contract specifications please refer to attachment 1. Below is an overview:

Underlying	VSTOXX® Index
Contract Value	EUR 100 per index point
Settlement	Delivery by cash settlement based on the Final Settlement Price and due on the first exchange trading day after the Last Trading Day
Price Determination	In points, with two decimal places
Minimum Price Change	0.05 points, equivalent to a value of EUR 5
Contract Months	The three nearest calendar months and the next quarterly month of the February, May, August, and November cycle
Last Trading Day	The futures maturity date relates to the respective Dow Jones EURO STOXX® 50 Index Options expiration date. Based on the index options expiration date, the futures maturity date is calculated by going back 30 days from the index options expiration date. If the futures maturity date determined in this way is not an exchange trading day, the exchange trading day immediately preceding this day is used. Trading in the maturing futures contract ceases at the expiration time of the respective index options (12:00 CET).
Final Settlement Price	The average of VSTOXX® values calculated between 11:30 and 12:00 CET on the Last Trading Day. Final Settlement Price is determined at 12:00 CET on the Last Trading Day.

4. Trading Hours

	Pre-Trading	Trading	Post-Trading	End of Trading (on the last Trading Day)
Mini-Futures on VSTOXX [®]	07:30-08:50	08:50-17:30	17:30-20:30	12:00

5. Transaction Fees

	Order Book Transaction	OTC Transaction
Mini-Futures on VSTOXX [®]	EUR 0.20	EUR 0.30

6. Admission to Block-Trading

The Mini-Futures on VSTOXX[®] will be admitted to Block-Trading with a block trade size of 1000 contracts.

Members who are already registered for Block-Trading may use the Block Trade Facility for the Mini-Futures on VSTOXX[®] without any further action.

Members wishing to use the OTC Trade Entry Facilities for the first time should confirm their acceptance of the General Participation Conditions by signing the appropriate form and returning it to Eurex. In addition, where the member firm is a Non-Clearing Member, its General Clearer must sign and return the corresponding agreement at the same time.

The necessary forms can be found on the Eurex website under the following path:

www.eurexchange.com > Documents > Forms > Trading Derivatives > Single Forms > OTC Trade Entry

7. Transaction Limits

For transaction limits please refer to our website under the path:

www.eurexchange.com > Trading > Products > Volatility Index Derivatives

8. Mistrade Parameters

As of start of trading, mistrade ranges for the product will be available on the Eurex website under the following path:

www.eurexchange.com > Trading > Products

9. Risk Parameters

As of start of trading, margin parameters for the new product will be available on our website under the path:

www.eurexchange.com > Clearing > Risk & Margining > Risk Parameters

10. Vendor Codes

Bloomberg	FVSA Index
Thomson Reuters	0#FVS:

Vendor codes for the new product will be available on our website under the path:

www.eurexchange.com > Trading > Products > Vendor Product Code Search

B: Introduction of a Designated Market-Making Scheme for Mini-Futures on VSTOXX®

Eurex offers interested Members the opportunity to act as Designated Market Makers for Mini-Futures on VSTOXX®.

As Designated Market Makers, Eurex Members agree to supply continuous bid and ask prices (quotes) for a determined minimum number of contracts in compliance with maximum spreads.

Also, amongst other things, Designated Market Makers agree to take over further obligations with regard to efficient operation of the market by providing additional price information. If required by Eurex, they agree to supply additional price and value analysis.

In return, Designated Market Makers will be reimbursed all transaction fees for time period from June 2, 2009 until December 31, 2009 for trades concluded on the M-accounts if they fulfil all quote obligations.

For quote obligations, please refer to attachment 5.

Market participants, who wish to register as Designated Market Makers are requested to use the form in attachment 6.

C: Delisting of three Volatility Futures

The following three volatility Futures will be de-listed as of July 1, 2009:

FVSX	Futures on VSTOXX®
FVDX	Futures on VDAX-NEW®
FVSM	Futures on VSMI®

FVDX and FVSM will be set on "HALT" as of now.

Series with no open interest in FVSX will also be set on "HALT" immediately.

The attachments that are valid from July 1, 2009 will be published in a separate circular on June 15, 2009.

If you have any questions or if you are interested in Market-Making for Mini-Futures on VSTOXX®, please contact Alexey Weizmann at tel. +49-69-211-1-97 33 or e-mail: alexey.weizmann@eurexchange.com.

Frankfurt, May 15, 2009

CHANGES ARE MARKED AS FOLLOWS:

AMENDMENTS ARE UNDERLINED

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[...]

**1 Part:
Contract Specifications for Futures Contracts**

[...]

**1.5 Subpart:
Contract Specifications for Volatility Futures Contracts**

The following sub-part contains contract specifications for Futures Contracts on Volatility Indices (“Volatility Index Futures Contracts”).

1.5.1 Subject Matter of Contract

- (1) A volatility index futures contract shall refer to a futures contract on a specific volatility index.
- (2) The following Futures Contracts on the following volatility indices are available for trading at the Eurex Exchanges; the institutions mentioned in brackets, being owners of the respective index, are responsible for the calculation:
 - VDAX-NEW[®] Futures Contracts (product ID: FVDX) referring to the VDAX-NEW[®] Index (Deutsche Börse AG)
 - VSMI[®] Futures Contracts (product ID: FVSM) referring to the VSMI[®] Index (SIX Swiss Exchange AG)
 - VSTOXX[®] Futures Contracts (product ID: FVSX) referring to the VSTOXX[®] Index (STOXX Limited)
 - VSTOXX[®] Mini-Futures Contracts (product ID: FVS) referring to the VSTOXX[®] Index (STOXX Limited)
- (3) The value of an Option contract shall be:
 - EUR 1000 per index point for ~~Futures contracts on VDAX-NEW[®]~~ Futures contracts (product ID: FVDX) and VSTOXX[®] Futures contracts (product ID: FVSX)
 - EUR 100 per index point for VSTOXX[®] Mini-Futures contracts (product ID: FVS)
 - CHF 1000 per index point for ~~Futures contracts on VSMI[®]~~ Futures contracts (product ID: FVSM)

[...]

1.5.4 Last trading day, Final Settlement day, Close of Trading

- (1) Last trading day of the Volatility Index Futures Contract is the final settlement day.
- (2) The Final settlement day of the Volatility Futures Contracts is 30 calendar days before the expiring date of the options underlying the volatility index (i.e. 30 days before the third Friday of the expiration month of the underlying options, provided that this is an Exchange day). Usually, this is the Wednesday before the second last Friday of a respective expiring month of the Volatility Index Future, provided that such day is an Exchange day, otherwise, it is the preceeding trading day.
- (3) Close of trading on the last trading day
 - of the VDAX-NEW® Futures Contracts (product ID: FVDX) is 13:00 CET.
 - of the VSMI® Futures Contracts (product ID: FVSM) is 10:00 CET.
 - of the VSTOXX® Futures Contracts (product ID: FVSX) as well as the VSTOXX® Mini-Futures Contracts (product ID: FVS) is 12:00 CET

1.5.5 Price Gradations

The price of a Volatility Index Futures Contracts shall be calculated with two decimal places. The minimum price change (tick) is

- 0.05 points for VDAX-NEW® Futures Contracts (product ID: FVDX) and VSTOXX® Futures Contracts (product ID: FVSX); this corresponds to a value of EUR 50
- 0.05 points for VSTOXX® Mini-Futures Contracts (product ID: FVS); this corresponds to a value of EUR 5
- 0.05 points for VSMI® Futures Contracts (product ID: FVSM); this corresponds to a values of CHF 50

[...]

Annex C in relation to Contract Specifications:
Trading Hours Futures Contracts

[...]

Volatility Index Futures Contracts

Product	Product ID	Pre-Trading-Period	Continuous Trade	Post-Trading Full Period	OTC Block Trading	Last Trading Day	
						Trade until	
VDAX-NEW [®] Futures	FVDX	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	13:00	
VSMI [®] Futures	FVSM	07:30-08:50	08:50-17:20	17:20-20:30	09:00-18:30	10:00	
VSTOXX [®] Futures	FVSX	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	12:00	
<u>VSTOXX[®] Mini-Futures</u>	<u>FVS</u>	<u>07:30-08:50</u>	<u>08:50-17:30</u>	<u>17:30-20:30</u>	<u>09:00-18:30</u>	<u>12:00</u>	

All times in CET

[...]

Clearing Conditions for Eurex Clearing AG

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Clearing Conditions for Eurex Clearing AG

[...]

**Chapter II
Transactions at Eurex Deutschland and Eurex Zürich (Eurex Exchanges)**

[...]

**Part 2
Clearing of Futures Contracts**

[...]

2.6 Clearing of Volatility Index Futures contracts

The following Numbers shall rule the Clearing of transactions of Volatility Index Futures contracts which have been named in Number 1.2 of the Contract Specifications for Futures contracts and Options contracts at Eurex Deutschland and Eurex Zürich.

[...]

2.6.2 Final Settlement Price

The final settlement price of the Volatility Index Futures Contract shall be determined by Eurex Clearing AG on the final settlement day (Number 1.5.4 of the Contract Specifications for Futures contracts and Options contracts at Eurex Deutschland and Eurex Zürich) of a contract.

- (1) For VDAX[®]-NEW Futures contracts (product ID: FVDX), the average value of all index calculations of the VDAX[®]-NEW between 12:30 and 13:00 CET on the last trading day applies.
- (2) For VSMI[®] Futures contracts, the average value of all index calculations of the VSMI[®] between 9:00 and 10:00 CET on the last trading day applies.
- (3) For VSTOXX[®] Futures contracts (product ID: FVSX) and VSTOXX[®]-Mini-Futures contracts (product ID: FVS), the average value of all index calculations of the VSTOXX[®] between 11:30 and 12:00 CET on the last trading day applies.

[...]

Price List for Eurex Clearing AG

CHANGES ARE MARKED AS FOLLOWS:**AMENDMENTS ARE UNDERLINED****DELETIONS ARE CROSSED OUT**

[...]

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****3.1.1.1 Regular Transactions**

Contract	Fee per Contract A and P Accounts	Fee per Contract M-Accounts (Regular Market-Making)*	Fee per Contract M-Accounts (Permanent Market-Making)*	Fee per Contract M-Accounts (Advanced Market-Making)*
[...]				
Volatility Index Derivatives				
Futures				
VDAX-NEW® Futures (FVDX)	EUR 0.75			
VSMI® Futures (FVSM)	CHF 1.20			
VSTOXX® Futures (FVSX)	EUR 0.50			
VSTOXX® Mini-Futures (FVS)	<u>EUR 0.20</u>			
[...]				

[...]

3.1.1.3 Transactions in the Block Auction (Wholesale)

For LEPOs traded in the Block Auction, no transaction fees shall be charged.

Contract	Fee per Contract Requester	Fee per Contract Responder	Maximum Fee per Series per Auction Requester	Maximum Fee per Series per Auction Responder
Equity Derivatives				
Stock Options with Group ID				

Price List for Eurex Clearing AG

Contract	Fee per Contract Requester	Fee per Contract Responder	Maximum Fee per Series per Auction Requester	Maximum Fee per Series per Auction Responder
assigned in Annex B of the Eurex Contract Specifications				
AT11, AT12, BE11, BE12, ES11, ES12, FR11, FR12, IT11, IT12, NL11, NL12	EUR 0.20	EUR 0.04	EUR 200.00	EUR 40.00
DE11, DE12, FI11, FI12, SE11	EUR 0.20	EUR 0.04	EUR 400.00 200.00	EUR 80.00

3.1.2 OTC Transactions

3.1.2.1 Fees for OTC Entries – Block Trades

Contract	Fee per Contract A- and P- Accounts	Fee per Contract M-Accounts (Regular Market-Making)*	Fee per Contract M-Accounts (Permanent Market-Making)*	Fee per Contract M-Accounts (Advanced Market-Making)*
[...]				
Volatility Index Derivatives				
Futures (Block Trades)				
VDAX-NEW [®] Futures (FVDX)	EUR 1.10			
VSMI [®] Futures (FVSM)	CHF 1.80			
VSTOXX [®] Futures (FVSX)	EUR 0.75			
VSTOXX [®] Mini-Futures (FVS)	EUR 0.30			
[...]				

[...]

3.1.2.2 OTC Entries – Flexible Contracts

Contract	Fee per Contract A- und P- Accounts	Maximum Fee per Trade Entry	Corresponds to Number of Contracts
Equity Derivatives			
Stock Futures with Group ID assigned in Annex A of the Eurex Contract Specifications			
AT01, BE01, DE01, ES01, FI01, FR01, GR01, IE01, IT01, NL01, NO01, PT01	EUR 0.300.20	EUR 300200	1,000
DE01	EUR 0.30	EUR 600	2,000
FI01, NO01, SE01	EUR 0.60	EUR 1,200	2,000
CH01, CH02	CHF 0.450.30	CHF 900300	2,0001,000
RU01, US01, US02	USD 0.400.30	USD 400300	1,000
US01, US02	USD 0.30	USD 300	1,000
GB01	GBP 0.200.15	GBP 200150	1000
[...]			

Price List for Eurex Clearing AG**3.2 Position Closing Adjustments**

Position Closing Adjustments, if these do not take place between 13:30 CET on the day of trade and before 13:30 CET of the following trading day:

Contract:	Fee per Contract:
Stock Futures with Group ID assigned in Annex A of the Eurex Contract Specifications	
AT01, BE01, DE01, ES01, FI01, FR01, GR01, IE01, IT01, NL01, NO01, PT01, SE01	EUR 0.600.40
FI01, NO01, SE01	EUR 1.20
CH01, CH02	CHF 0.900.60
RU01, US01, US02	USD 0.800.60
US01, US02	USD 0.60
GB01	GBP 0.400.30
[...]	
Volatility Index Products	
VDAX-NEW® Futures (FVDX)	EUR 1.50
VSMI® Futures (FVSM)	CHF 2.40
VSTOXX® Futures (FVSX)	EUR 1.00
VSTOXX® Mini-Futures (FVS)	EUR 0.40
[...]	

[...]

3.3 Cash Settlement

Contract:	Fee per Contract:	Maximum Fee for Contracts on the same underlying of each A-, P- and M-accounts
[...]		
Volatility Index Products		
VDAX-NEW® Futures (FVDX)	EUR 0.75	
VSMI® Futures (FVSM)	CHF 1.20	
VSTOXX® Futures (FVSX)	EUR 0.50	
VSTOXX® Mini-Futures (FVS)	EUR 0.20	
[...]		

[...]

**Conditions for Utilization of the OTC Trade Entry
(General Conditions for Participation)**

June 2, 2009

Page 1

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[...]

9 Admitted Products

[...]

9.3 Eurex Clearing AG has admitted the following products to the Block Trade Facility even if they had been entered within the scope of options strategies or options volatility strategies:

Product	Minimum number of tradable contracts
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[...]

Mini-Futures Contracts on the VSTOXX® Index (FVS)	1000
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[...]

**Annex A to the General Conditions for Participation:
OTC Periods of Use (all times in CET)**

Futures-Contracts

[...]

Volatility Index Futures Contracts

Product	Product-ID	Start-End
VDAX NEW® Futures	FVDX	09:00-19:00
VSMI® Futures	FVSM	
VSTOXX® Futures	FVSX	
VSTOXX® Mini-Futures	<u>FVS</u>	

[...]



**Designated Market Maker Scheme
for Mini-Futures on VSTOXX® (FVS)**

Quote Obligations

Eurex Code: FVS Mini-Future on VSTOXX®

Minimum Size: 100 contracts on the bid and ask side for the first two expirations

Maximum Spread: 5 percent of the bid price.

Quotation Period: 80 percent of the daily trading period between 09:00 and 17:30 (CET) on a monthly average.

DMM Fees: from June 2, 2009 until December 31, 2009.
Total refund of trading and clearing fees for contracts traded on M-accounts.



Application Form - Designated Market Making Scheme

To
Eurex
Product Design Equity/Index
Alexey Weizmann
Neue Börsenstraße 1

60487 Frankfurt am Main
Germany

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

Application for the Status of Designated Market Maker in Volatility Futures

1. We _____
(name of member)

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

Product	Eurex Code	Please tick (✓) if applicable
Mini-Future on VSTOXX®	FVS	<input type="checkbox"/> yes

for the period from June 2, 2009 until December 31, 2009 in accordance with the terms and conditions stated in the Quote Obligations (attachment 5).

2. As Designated Market Maker

- a) we will provide bid and ask quotes on both sides of the market
 - 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 (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract and in response to quote requests)
- b) we will designate 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 Designated 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) publish the name of the Eurex member with Designated Market Maker status in advertising and information material in connection with the contracts;
 - b) make Eurex speakers and printed material available for index futures-related seminars organized by Designated Market Makers
 - c) refund all trading and clearing fees for contracts traded by Designated Market Makers on M-accounts up to December 31, 2009. Refunds for the respective month will be calculated at the beginning of the subsequent month. No refund will be made if the respective futures are traded on A- or P-accounts or if Quote Obligations are not fulfilled.

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 be 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. 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 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 are not expected to have an adverse effect on market quality). In the event that Eurex amends 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 March 31, 2006. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.



8. The associated Quote Obligations (attachment 1) 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 fax the completed application for the status of Designated Market Maker to above-mentioned fax number.