

X-pand into the Future



eurex circular 123/09

Date: Frankfurt, June 19, 2009
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

 High priority

New Index Dividend Futures: Designated Market Participant Scheme

Related Eurex Circulares: 101/09

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Content may be most important for:

Ü All departments

Attachments:

1. Application for the Status of Designated Market Participant
2. Designated Market Participant Scheme – Scheme Obligations

Summary:

The introduction of a Designated Market Participant Scheme in respect of the Index Dividend Futures Contracts on the SMI[®], Dow Jones EURO STOXX[®] Select Dividend 30, DivDax[®] and Dax[®] Kursindex Indexes will become effective on **June 22, 2009** and be valid until **December 31, 2012**.



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Designated Market Participant Scheme for Index Dividend Futures on the SMI[®], Dow Jones EURO STOXX[®] Select Dividend 30, DivDax[®] and Dax[®] Kursindex

1. Introduction Date

The product introduction will take place on Monday June 22, 2009. The Designated Market Participant Scheme with regards to each of the products will also become effective on that date.

2. Eurex Product & Vendor Codes

Product	Eurex Product Code	ISIN	Bloomberg Ticker	Thomson Reuters Chain
DAX [®] Kursindex (Price Index) Index Dividend Futures	FDXD	DE000A0ZW4D4	DKRA	<0#FDXD:>
DivDAX [®] Index Dividend Futures	FDVD	DE000A0ZW4E2	DVDA	<0#FDVD:>
Dow Jones EURO STOXX [®] Select Dividend 30 Index Dividend Futures	FD3D	DE000A0ZW4F9	DSDA	<0#FD3D:>
SMI [®] Index Dividend Futures	FSMD	DE000A0ZW4C6	SMDA	<0#FSMD:>

3. Designated Market Participant

Eurex enables interested Members to be Designated Market Participants for the new index dividend futures contracts. As Designated Market Participants, Eurex Members will help ensure liquidity by undertaking to provide quotes on the bid and ask side, subject to maximum spreads, for a specified minimum number of contracts.

In addition Designated Market Participants will undertake other obligations as to the efficient operation of the market by providing information, such as daily price information and be available for additional price and value verifications at any times as requested by Eurex. Designated Market Participants will also agree to be represented at a Eurex working committee in respect to Index Dividend products to be convened at least bi-annually which will focus on the smooth running and efficiency of the market.

In return, Eurex will grant its Designated Market Participants a 50 percent reimbursement of transaction fees for all transactions executed on M- and P- accounts up to and including December 31, 2012.

Scheme obligations for each of the products are attached, as is the Scheme Application form. This form may be used to apply for any or all of the products – where each Designated Market Participant Schemes rebate relates to each of the products on a discrete basis.

To register to become a Designated Market Participant, please apply using the attached form and fax to the numbers provided. Eurex reserves the right to limit participation to three Members per contract series.

Frankfurt, June 19, 2009



Application Form - Designated Market Participant Scheme

To Eurex
Product Strategy
Stuart Heath/Tobias Ehinger

Fax no. +44 20 7862 9253 / +41 58854 2466

**Application for the Status of Designated Market Participant for Futures on:
SMI[®], Dow Jones EURO STOXX[®] Select Dividend 30, DAX[®] Kursindex, and DivDAX[®]
Index Dividends**

1. We _____
(name of member)

herewith apply for the status of Designated Market Participant in (please tick box for all those contracts which are relevant to this application)

- .. **SMI[®] Index Dividends Futures Contracts**
- .. **Dow Jones EURO STOXX[®] Select Dividend 30 Index Dividends Futures Contracts**
- .. **DAX[®] Kursindex (Price Index) Index Dividends Futures Contracts**
- .. **DivDAX[®] Index Dividends Futures Contracts**

for the period from **June 22, 2009 until December 31, 2012** in accordance with the terms and conditions stated in the Scheme Obligations (Attachment 2).

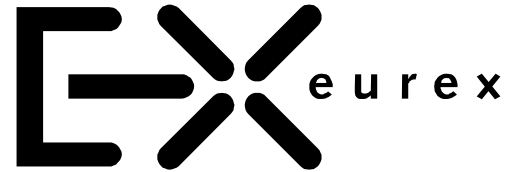
2. As a Designated Market Participant

- a) we will provide bid and ask quotes
 - in the specified contract years in the series, as noted in the Scheme Obligations;
 - for the minimum number of contracts specified in the Scheme Obligations;
 - in compliance with the maximum spread specified in the Scheme Obligations; and
 - in compliance with those times specified in the Scheme Obligations.
- b) we will give you the name of a manager, and an alternate, who has the authorization and expertise necessary to fulfill the commitments required under the Scheme Obligations to Eurex Market Supervision
- c) 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;
- d) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market Participants; and



- e) 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) refund 50 percent of all trading and clearing fees for the contracts traded by the Designated Market Participants on M- and P- accounts. The refund for the respective month will be calculated at the beginning of the subsequent month. Refunds will be paid only if the Scheme Obligations have been fulfilled in the month prior to the one in which they are applicable. No refunds will be made for contracts traded on A-accounts;
 - b) mention the name of the Eurex Member with the Designated Market Participant status in advertising and informative material in connection with the contracts, if so desired;
 - c) make Eurex speakers and printed material available for seminars organized by the Designated Market Participants regarding Index Dividend Futures, if desired; and
 - d) consult the Designated Market Participants as a deliberative body on any proposed material changes to this product and its Contract Specifications, notwithstanding any legal obligations of Eurex, and only action the proposed material changes upon a quorum of those Designated Market Participants who respond deeming such changes to be acceptable.
 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. 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 Scheme Obligations.
 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 Participants, 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 condition(s), the Designated Market Participants must, for their part, ensure that they can be contacted so that they can 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 Participant status, which expires on December 31, 2012. After that time, the title "Designated Market Participant" can no longer be used unless otherwise agreed with Eurex.
 8. The associated Scheme Obligations (Attachment 2) 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 company)

E-mail address

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



Designated Market Participant Scheme for Futures on SMI® Index Dividends

Scheme Obligations

Eurex Code: **FSMD**

In the order book:

Two-way quote provision	<p>Provision of two way quotes for the first, second and third contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 25 contracts on the bid and ask side - with a maximum spread of 10 index points <p>Provision of two way quotes for the fourth and fifth contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 25 contracts on the bid and ask side - with a maximum spread of 15 index points <p>Provision of two way quotes for each of the contracts in the series</p> <ul style="list-style-type: none"> - during 50 percent of the quotation period of the trading day, from 08:30 a.m. to 17:57 p.m., on a monthly average.
Designated Market Participant Fee Rebate	<p>Order Book Trades & Block Trades</p> <p>50 % Fee Rebate upon fulfilment of all obligations</p>
Fast Market (definition and announcement by the Exchange)	<p>Quote provisions - maximum spreads will be increased by 100 percent and the minimum quote size will be reduced to 10 contracts</p>
Delay or Failure of the Underlying Index	<p>Quote requests may be declined and quote provision suspended until the delay is rectified or the Failed Index is calculated (or re-calculated) subject to the exchanges rules</p>

To Eurex Market Supervision

Respond to Daily Pricing Requests	<p>Participant must respond to all Eurex Pricing Requests up to a maximum of 2 requests per contract per day</p> <ul style="list-style-type: none"> - within 30 minutes - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form
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Designated Market Participant Scheme for Futures on Dow Jones EURO STOXX® Select Dividend 30 Index Dividends

Scheme Obligations

Eurex Code: **FD3D**

In the order book:

Two-way quote provision	<p>Provision of two way quotes for the first, second and third contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 10 contracts on the bid and ask side - with a maximum spread of 10 index points <p>Provision of two way quotes for the fourth and fifth contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 10 contracts on the bid and ask side - with a maximum spread of 12 index points <p>Provision of two way quotes for each of the contracts in the series</p> <ul style="list-style-type: none"> - during 50 percent of the quotation period of the trading day, from 08:30 a.m. to 18:30 p.m., on a monthly average.
Designated Market Maker Fee Rebate	<p>Order Book Trades & Block Trades</p> <p>50 % Fee Rebate upon fulfilment of all obligations</p>
Fast Market (definition and announcement by the Exchange)	<p>Quote provisions - maximum spreads will be increased by 100 percent and the minimum quote size will be reduced to 5 contracts</p>
Delay or Failure of the Underlying Index	<p>Quote requests may be declined and quote provision suspended until the delay is rectified or the Failed Index is calculated (or re-calculated) subject to the exchanges rules</p>

To Eurex Market Supervision

Respond to Daily Pricing Requests	<p>Participant must respond to all Eurex Pricing Requests up to a maximum of 2 requests per contract per day</p> <ul style="list-style-type: none"> - within 30 minutes - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form
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Designated Market Participant Scheme for Futures on DAX[®] Kursindex (Price Index) Index Dividends

Scheme Obligations

Eurex Code:

FDXD

In the order book:

Two-way quote provision	<p>Provision of two way quotes for the first, second and third contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 25 contracts on the bid and ask side - with a maximum spread of 10 index points <p>Provision of two way quotes for the fourth and fifth contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 25 contracts on the bid and ask side - with a maximum spread of 15 index points <p>Provision of two way quotes for each of the contracts in the series</p> <ul style="list-style-type: none"> - during 50 percent of the quotation period of the trading day, from 08:30 a.m. to 18:30 p.m., on a monthly average.
Designated Market Maker Fee Rebate	<p>Order Book Trades & Block Trades</p> <p>50 % Fee Rebate upon fulfilment of all obligations</p>
Fast Market (definition and announcement by the Exchange)	<p>Quote provisions - maximum spreads will be increased by 100 percent and the minimum quote size will be reduced to 10 contract</p>
Delay or Failure of the Underlying Index	<p>Quote requests may be declined and quote provision suspended until the delay is rectified or the Failed Index is calculated (or re-calculated) subject to the exchanges rules</p>

To Eurex Market Supervision

Respond to Daily Pricing Requests	<p>Participant must respond to all Eurex Pricing Requests up to a maximum of 2 requests per contract per day</p> <ul style="list-style-type: none"> - within 30 minutes - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form
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Designated Market Participant Scheme for Futures on DivDAX® Index Dividends

Scheme Obligations

Eurex Code:

FDVD

In the order book:

Two-way quote provision	<p>Provision of two way quotes for the first, second and third contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 30 contracts on the bid and ask side - with a maximum spread of 0.8 index points <p>Provision of two way quotes for the fourth and fifth contracts in the series</p> <ul style="list-style-type: none"> - with a minimum size of 20 contracts on the bid and ask side - with a maximum spread of 1.2 index points <p>Provision of two way quotes for each of the contracts in the series</p> <ul style="list-style-type: none"> - during 50 percent of the quotation period of the trading day, from 08:30 a.m. to 18:30 p.m., on a monthly average.
Designated Market Maker Fee Rebate	<p>Order Book Trades & Block Trades</p> <p>50 % Fee Rebate upon fulfilment of all obligations</p>
Fast Market (definition and announcement by the Exchange)	<p>Quote provisions maximum spreads will be increased by 100 percent and the minimum quote size will be reduced to 10 contracts</p>
Delay or Failure of the Underlying Index	<p>Quote requests may be declined and quote provision suspended until the delay is rectified or the Failed Index is calculated (or re-calculated) subject to the exchanges rules</p>

To Eurex Market Supervision

Respond to Daily Pricing Requests	<p>Participant must respond to all Eurex Pricing Requests up to a maximum of 2 requests per contract per day</p> <ul style="list-style-type: none"> - within 30 minutes - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form
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