

# Derivatives on STOXX<sup>®</sup> Europe 600 Index

Development of Broadbased & Size index derivatives at Eurex Exchange

July 2016



# Your benefits trading STOXX® Europe 600 derivatives

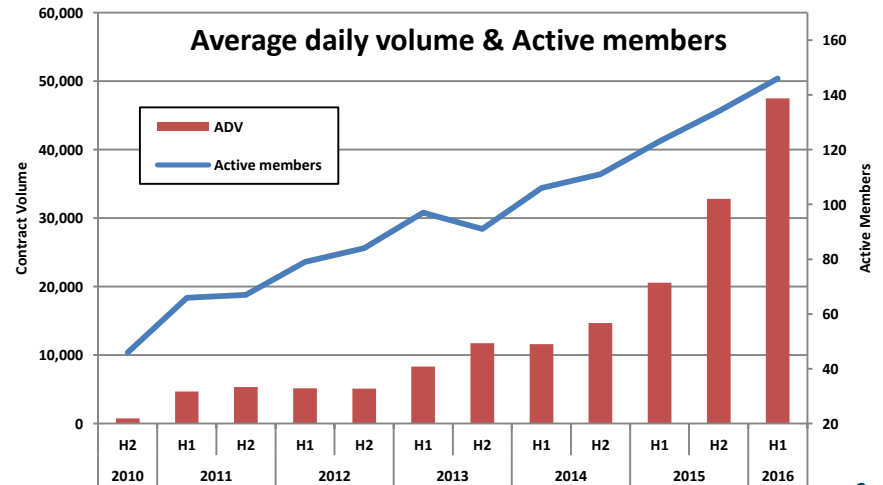
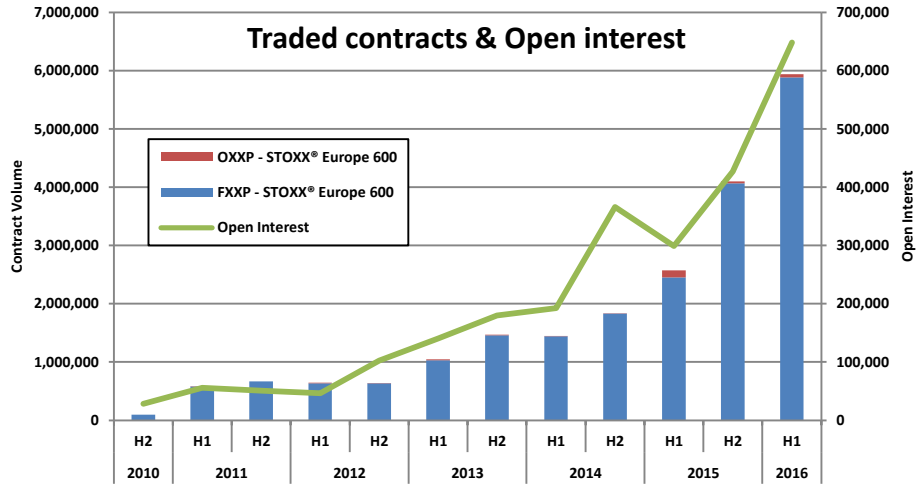
<p><b>Gain exposure to Europe</b></p>	<ul style="list-style-type: none"> <li>• STOXX Europe 600 established as Europe’s leading broad yet tradable benchmark</li> <li>• Unique barometer for overall European market sentiment, and subsequent sectors</li> </ul>	<p>4- 5</p>
<p><b>High on-screen liquidity</b></p>	<ul style="list-style-type: none"> <li>• ADV above 50.000 contracts and a 1-2 tick spread</li> <li>• Increasingly more on-screen volume – on average 70% and up to 90% in non-roll months</li> </ul>	<p>6- 7</p>
<p><b>One stop shop</b></p>	<ul style="list-style-type: none"> <li>• Eurex offers the entire STOXX index family (Eurozone &amp; pan-European)</li> <li>• Blue chip &amp; broadbased, small- mid- &amp; large caps, sectors as well as dividend-weighted</li> </ul>	<p>5, 13</p>
<p><b>Available in the US</b></p>	<ul style="list-style-type: none"> <li>• All broadbased &amp; size index futures are approved by the CFTC</li> </ul>	<p>8- 9</p>
<p><b>Margin savings</b></p>	<ul style="list-style-type: none"> <li>• Benefit from netting effects across all index products and single names, e.g. EURO STOXX 50 vs. STOXX Europe 600</li> </ul>	<p>16</p>
<p><b>Trade Entry Services &amp; Trade at Index Close</b></p>	<ul style="list-style-type: none"> <li>• Trade Entry Service facilitated by all major brokers... ...at a minimum size of only 100 contracts (only 10 when trading at Index Close via EFPI)</li> </ul>	<p>9-10</p>
<p><b>On-screen options, strategies &amp; Flex</b></p>	<ul style="list-style-type: none"> <li>• On-screen options are available and gaining pace</li> <li>• Set up strategies with Eurex’ Strategy wizard just like for EURO STOXX Options</li> <li>• Define exercise price, expiration date, exercise style to fine-tune your trading strategy</li> </ul>	<p>8-10</p>



# Highly liquid – STOXX® Europe 600 success story

## Positive trend for four years (nearly 6 million contracts in 2016)

- Continuous increase after multiplier reduction in 2010 (from 200 to 50 Euro)
- Market participants (esp. end clients) are looking for an index with a broader representation of Europe
- Until June 2016 maturity, nearly 6 million contracts have been transacted. Thereof, approx. 70% via the order book
- ADV (y-o-y) grew by 148% to 48,000 contracts and open interest (over 300,000 contracts) doubled vs May 2015
- Liquidity attracts liquidity and the product is supported by an increasing number of market makers
- The number of market participants has further gone up in June with 160 members being active
- STOXX Europe 600® and all broadbased & size index futures are approved by the CFTC; increasing flow is coming from US members



# Gain exposure to Europe

Country	Market Cap in bln €	Index in %
United Kingdom	2,075.7	29.64 %
France	1,066.7	15.23 %
Switzerland	1,035.3	14.79 %
Germany	945.5	13.50 %
Spain	338.8	4.84 %
Sweden	322.5	4.61 %
Netherlands	321.8	4.60 %
Italy	215.8	3,08 %
Denmark	192.8	2,75 %
Belgium	155.9	2.23 %
Finland	110.5	1.58 %
Ireland	80.1	1.14 %
Norway	59.3	0.85 %
Luxembourg	32.8	0,47 %
Austria	21.9	0.31 %
Portugal	15.8	0.23 %
Greece	5.7	0.08 %
Czech Republic	5.2	0.07 %

STOXX Europe 600



STOXX Europe 600 market cap: 7,000 (€ Billion)  
covers 90% of the European total market cap

Nikkei 225



Nikkei 225 market cap: 2,180 (€ Billion)  
covers 60% of the Japanese total market cap

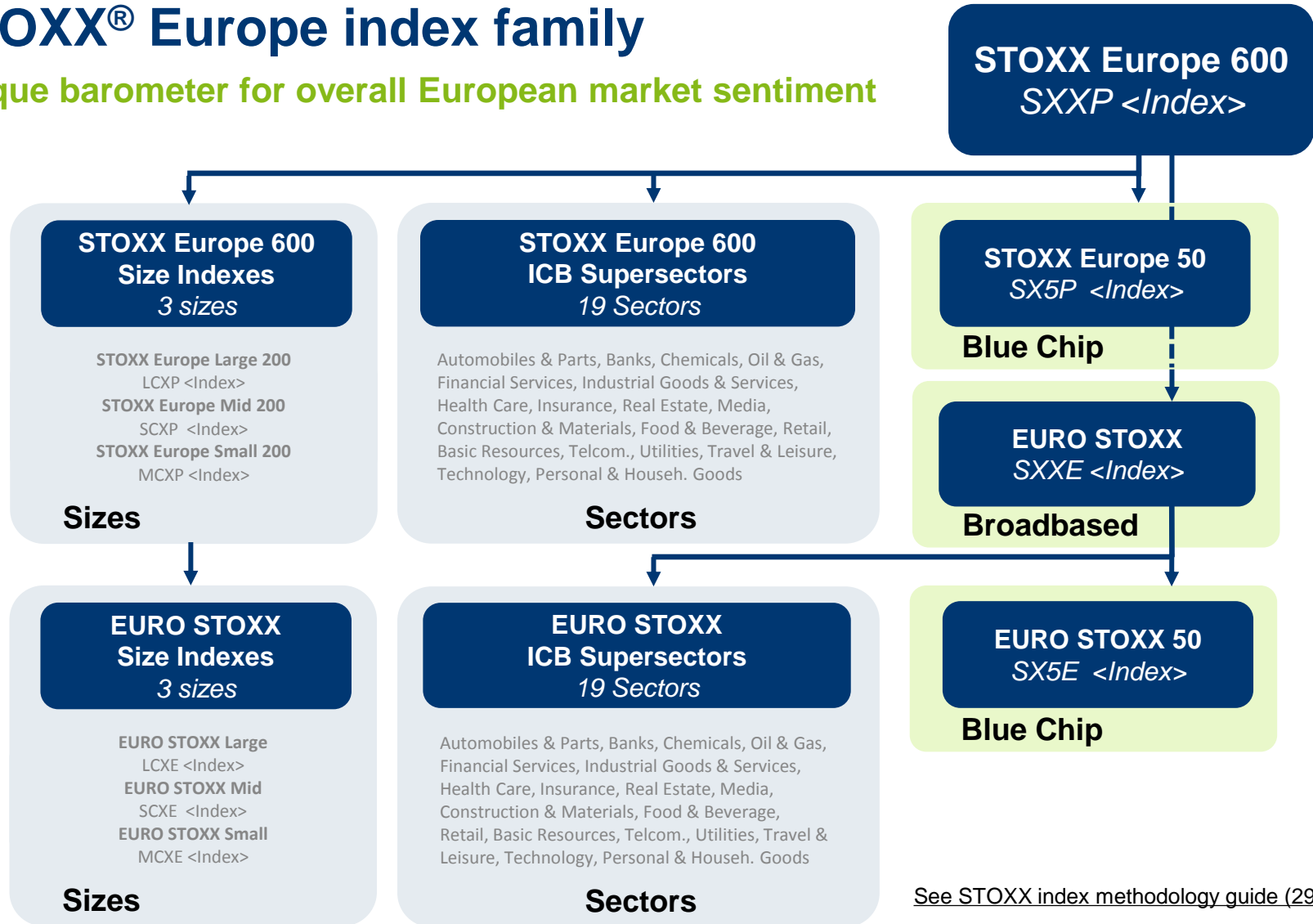
S&P 500



S&P 500 market cap: 11,170 (€ Billion)  
covers 75% of the US total market cap

# STOXX® Europe index family

Unique barometer for overall European market sentiment



See STOXX index methodology guide (29-42)

# STOXX® Europe 600 – order book trading (1/2)

## Order book liquidity in SXXP futures with the support of Designated Market Makers

### Futures Market Makers:

#### Initial:

BNP, SocGen, DRW, Optiver, Susquehanna, Flow Traders

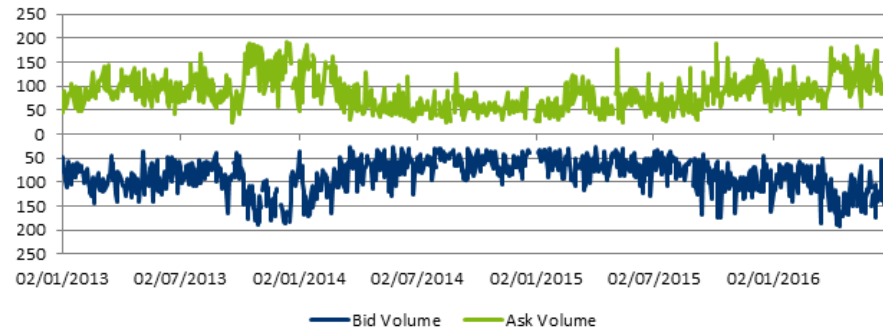
#### Newcomers:

Headlands Technologies, XR Trading, ADG

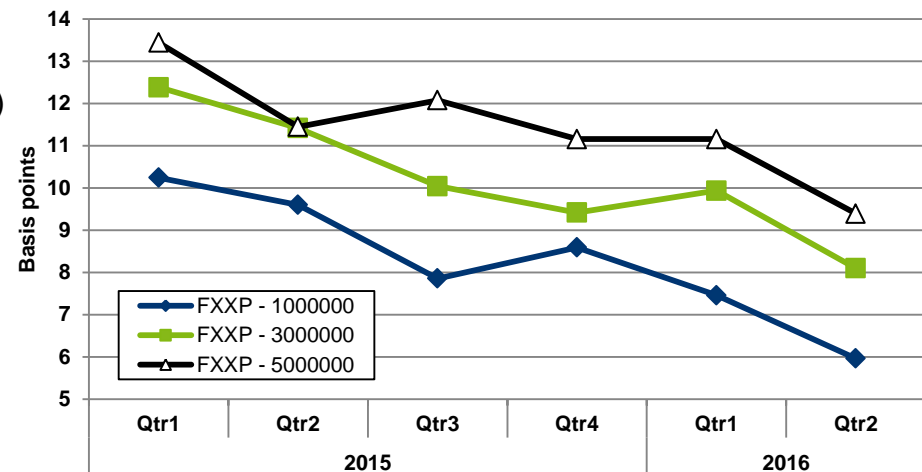
### Price picture in SXXP futures:

- Trading costs in SXXP futures has improved considerably since 2015, with over 10 market makers
- **150 lots** at **1-2 ticks** spread (equivalent to EUR 2.5mln)
- **5mln EUR order** would cost **less than 10 bps**
- **1mln EUR order** would cost **less than 6 bps** (see chart right)

Bid and Ask Volume FXXP



Eurex Liquidity Measure (Volume Class EUR 1 to 5 Million)



# STOXX® Europe 600 – order book trading (2/2)

## Liquidity overview for broadbased & size futures

### BB & Sizes Futures

Contract	Curr	CBQty	CBid	CAsk	CAQty
<b>FLCE Jun16</b>	EUR	200	<b>330.3</b>	<b>330.7</b>	350
<b>FLCP Jun16</b>	EUR	200	<b>346.6</b>	<b>346.9</b>	200
<b>FMCE Jun16</b>	EUR	50	<b>356.9</b>	<b>357.3</b>	2
<b>FMCP Jun16</b>	EUR	50	<b>402.3</b>	<b>402.8</b>	397
<b>FSCE Jun16</b>	EUR	59	<b>212.6</b>	<b>212.9</b>	114
<b>FSCP Jun16</b>	EUR	102	<b>249.0</b>	<b>249.3</b>	300
<b>FXXE Jun16</b>	EUR	150	<b>322.5</b>	<b>322.7</b>	150
<b>FXXP Jun16</b>	EUR	161	<b>342.0</b>	<b>342.2</b>	520

- Most of the BB and size futures are quoted 100 – 500 up
- B/O spread ~ 0.10 – 0.20 in FXXP/FXXE, ~ 0.3 – 0.5 for small, mid and large
- Market Makers in BB and size futures have to quote min. sizes of 100 contracts with spreads of at least 0.4% for broad and large, 0.6% for mid and 0.8% for small
- Up to 10 market makers are active

# Standardized contract specifications

## Broadbased and size index derivatives

	Broadbased and size index futures	Broadbased and size index options
Contract value	EUR 50 per index point	
Contract	Up to 9 months (3 quarterly maturities)	Up to 5 years
Minimum price change	0.1 index points	0.1 index points
Tick value	5	5
Settlement	Cash settlement	
Final settlement price	Based on the average of the respective index value calculated between 11:50 and 12:00 CET.	
Final settlement day	Third Friday of the maturity/expiration month. Close of trading in the maturing futures/expiring option series is at 12:00 CET	
Last trading day	Third Friday of the maturity/expiration month	
Continuous trading	08:00–22:00 CET	09:00–17:30 CET
Eurex Trade Entry Service (TES)	08:00–22:00 CET	09:00–19:00 CET
Flexible Contracts	Available	
Minimum Block Trade Size	100 contracts	100 contracts



# Advantages of Eurex Exchange's offering

## Trading

- Combination of **orderbook** and **off-book trading**
- Strong support from **on-screen Market Makers** (banks as well as prop houses)
- **CFTC approval** for 8 broadbased & size indexes
- Asian, European & U.S. **trading hours**
- **Transparent** via Bloomberg, Reuters etc.
- Trading in and out with **different market participants**
- **Harmonized & low trading & clearing fees**

## Clearing

- **Trade Entry Services including Flexible Contracts**
- **Flexible Minimum Block Trade Sizes**
- **Migration of counterparty risk** into CCPs
- **Cross margining**
- **Collateral optimization** (based on portfolio margining with introduction of Eurex Clearing Prisma)
- **Trade at Index Close**
- **No paperwork** as with total return swaps

# Eurex Trade Entry Services

## Exchange for Physicals (Index)

### Admitted underlying instruments (reporting transaction)

Equity basket

Exchange-traded index fund share

### Eurex futures (transaction creating a position)

Eurex equity index futures

Eurex equity index futures

## Trade at Index Close

- whenever the next official closing price of the underlying index is available (or early next day, if index comes late)
- indicate that the trade is a “Trade at Index Close“ and the basis agreed upon between two counterparties

## Exchange for Swaps

- cash transactions in EFS trades for equity indexes are equity index swaps
- subject to Eurex´ clearing conditions

## Vola Trade

- where two parties conclude an on-exchange or off-exchange option transaction and simultaneously or in a second step agree on the off-exchange purchase/sale of the futures contract underlying the option transaction

## Flexible Contracts

- support off-exchange trading of **tailor-made** futures and options contracts
- **flexible maturity**: futures and options
- **exercise price**: options
- **exercise style**: options

# All in competitive trading & clearing fees

	Denomination	Order book		Trade Entry Services		Threshold # of contracts
		Standard	Reduced	Standard	Reduced	A or P – account
<b>Futures on STOXX® indexes</b>	EUR	0.3	-	0.45	-	-
<b>Options on STOXX® indexes</b>	EUR	0.3	0.15	0.3	0.15	2,000

# Appendix

# STOXX<sup>®</sup> equity indexes & Eurex derivatives

## Underlying indexes for broadbased and size derivatives

Index	Description
<b>Benchmark indexes</b>	The STOXX <sup>®</sup> Europe 600 Index is derived from the STOXX <sup>®</sup> Europe Total Market Index (TMI). With a fixed number of 600 components, the STOXX <sup>®</sup> Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region. The EURO STOXX <sup>®</sup> Index (subset of the STOXX <sup>®</sup> Europe 600) represents large, mid and small capitalization companies of 12 Eurozone countries.
<b>Size indexes</b>	The STOXX <sup>®</sup> Europe Large, Mid and Small are fixed component indexes designed to provide a representation of various capitalization companies in Europe. The EURO STOXX <sup>®</sup> Size indexes are derived from the STOXX Europe 600 Index.

### Contract specifications -

#### EURO STOXX<sup>®</sup> Broadbased & Size Index derivatives

Index name	Index code	Eurex code (F)	Multiplier (F & O)	Tick (F)	U.S. approved (F)	Bloomberg code (F)	Reuters Ric (F)	Eurex Code (O)	Tick (O)	Maturities (O)
Euro STOXX <sup>®</sup>	SXXE	FXXE	50	0.1	yes	SXIA index	0#FXXE:	OXXE	0.1	24 months
Euro STOXX <sup>®</sup> Large	LCXE	FLCE	50	0.1	yes	SXCA index	0#FLCE:	OLCE	0.1	24 months
Euro STOXX <sup>®</sup> Mid	MCXE	FMCE	50	0.1	yes	SXDA index	0#FMCE:	OMCE	0.1	24 months
Euro STOXX <sup>®</sup> Small	SCXE	FSCE	50	0.1	yes	SXEA index	0#FSCE:	OSCE	0.1	24 months

### Contract specifications -

#### STOXX<sup>®</sup> Europe 600 Broadbased & Size Index derivatives

Index name	Index code	Eurex code (F)	Multiplier (F & O)	Tick (F)	U.S. approved (F)	Bloomberg code (F)	Reuters Ric (F)	Eurex Code (O)	Tick (O)	Maturities (O)
STOXX <sup>®</sup> Europe 600	SXXP	FXXP	50	0.1	yes	SXIA index	0#FXXP:	OXXP	0.1	60 months
STOXX <sup>®</sup> Europe Large 200	LCXP	FLCP	50	0.1	yes	SXCA index	0#FLCP:	OLCP	0.1	60 months
STOXX <sup>®</sup> Europe Mid 200	MCXP	FMCP	50	0.1	yes	SXDA index	0#FMCP:	OMCP	0.1	60 months
STOXX <sup>®</sup> Europe Small 200	SCXP	FSCP	50	0.1	yes	SXEA index	0#FSCP:	OSCP	0.1	60 months



# Market Makers – futures & options

## EURO STOXX® / STOXX® Europe 600 Broadbased and Size Index Futures

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XR Trading Europe LLP	Demetrios Maurides	T +44 203 693 7235
ADG Market Making LLP	Pira Suntharalingam/ Dmitri Zaporozhets	T +44 207 856 1625

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