



eurex circular 121/16

Date: 5 December 2016
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

Mini-DAX® Futures:
Extension and adjustment of Designated Market-Making

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Content may be most important for:

☉ All departments

Attachment:

Designated Market Maker Agreement

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to extend and adjust the Designated Market-Making in Mini-DAX® Futures **from 1 January until 31 December 2017**.

This circular contains all information on the extension and adjustment of the Designated Market-Making schemes and the registration form for Designated Market-Making. Information about the related decisions to be passed by Eurex Clearing AG will be published in a separate Eurex Clearing circular at a later date. Thus the new scheme is subject to the corresponding decision by Eurex Clearing AG.



Mini-DAX® Futures:
Extension and adjustment of Designated Market-Making

1. Overview

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to extend and adjust the Designated Market-Making in Mini-DAX® Futures from 1 January until 31 December 2017 with the following conditions:

- Refund of transaction fees on the M-account in the amount of 20 percent to Market Makers, provided the requirements of at least one of the schemes described below were fulfilled.
- Instead of two schemes with different requirements, only the DMM scheme with tighter spreads and smaller minimum quote sizes will be offered („DMM1“ for European trading hours and „DMM2“ for U.S. trading hours).
- A revenue sharing scheme will be offered with distribution of up to 20 percent of net revenues in Mini-DAX®-Futures to the qualifying Market Makers.

2. Market-Making

Eurex Exchange offers interested Participants the possibility to participate in Market-Making for Mini-DAX® Futures.

As Designated Market Makers in Mini-DAX® Futures contracts, Eurex Participants agree to supply bid and ask prices (quotes) for a determined minimum number of contracts while observing defined maximum spreads within a determined period of time.

For Mini-DAX® Futures, fulfilment of quote obligations is possible during the European trading hours or during the U.S. trading hours. Both alternatives equally entitle to refunds on transaction fees and to the revenue sharing scheme. Multiple incentives will not be granted if the requirements are fulfilled in both time zones.

Please refer to the attachment for the application for Designated Market-Making in Mini-DAX® Futures. All interested Market Makers, also those who are already active in this product as Market Makers, are requested to return this form duly signed.

a) Quote obligations: Designated Market-Making in Mini-DAX® Futures

Eurex product	Eurex product code	Scheme	Quotation time	Minimum quote size	Maximum spread
				Contracts on bid and ask side	In basis points
Mini-DAX® Futures	FDXM	DMM1	08:00 – 17:30 CET	2	4
Mini-DAX® Futures	FDXM	DMM2	15:30 – 22:00 CET	2	6

Minimum quotation time for all schemes is 80 percent of all specified trading hours. The front month must be quoted at all times; however, five exchange trading days prior to maturity either the front month or the second contract month may be quoted.

The quote obligations can be amended on a monthly basis.

During the Fast Market phase the minimum quote size is reduced by 50 percent and the maximum spread is increased by 100 percent.

b) Refund of transaction fees

Designated Market Makers in Mini-DAX® Futures receive a refund of 20 percent on transaction fees for the contracts concluded in Mini-DAX® Futures on M-accounts from 1 January until 31 December 2017 including.

Refunds will be distributed on a monthly basis, provided the Market-Making obligations were fulfilled.

c) Revenue sharing scheme for Designated Market Makers

In addition, Designated Market Makers can qualify for the revenue sharing scheme in Mini-DAX® Futures. The schemes will run from 1 January until 31 December 2017 including.

Distribution takes place on a monthly basis to the Market Makers who qualified. The detailed revenue allocation will be as follows:

The revenue sharing amount is up to 20 percent of the net revenues (transaction fees minus rebates) in Mini-DAX® Futures.

The maximum number of Market Makers who can qualify for the revenue sharing scheme is limited to eight per month. If more than eight Market Makers fulfil in a given month, only those eight Market Makers with the highest order book volumes on M-accounts in Mini-DAX® Futures will receive a share in revenue in this month.

Ten percent of the net revenues will be distributed equally among all qualifying Market Makers and another ten percent according to the share in order book volumes on M-accounts of all qualifying Market Makers.

If only one Market Maker fulfils in a given month, the revenue sharing amount will be limited to 7.5 percent.

If two Market Makers fulfil, the amount will be limited to 15 percent. If three or more Market Makers fulfil, 20 percent will be distributed – as described above.

5 December 2016

Please return by fax or e-mail to:

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**Designated Market Maker Agreement
for Futures on Mini-DAX® Futures**

dated as of _____

1. Eurex Frankfurt AG (“EFAG”) and Eurex Clearing AG (“ECAG”) and

_____ (“Participant”)
(name of Participant/Member ID)

hereby enter into this Designated Market Maker Agreement (the “Agreement”) for the period from 1 January until 31 December 2017 under the conditions outlined below with respect to the following products:

Eurex product	Eurex product code	DMM programme	Please tick (✓) the appropriate box
Mini-DAX® Futures	FDXM	DMM1	<input type="checkbox"/>
Mini-DAX® Futures	FDXM	DMM2	<input type="checkbox"/>

2. The Participant will

- a) Fulfil the Market-Making obligations as set out by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich (“Eurex Market-Making Obligations”) and published via Eurex circular. The current Eurex Market-Making Obligations for Futures on Mini-DAX® Futures were published in Eurex circular 121/16 and can be amended on a monthly basis.
- b) Provide EFAG with the name of a manager, who has the authorisation and expertise necessary to fulfil the commitments required under the Eurex Market-Making Obligations.
- c) Provide EFAG with the name of a manager who has the authorisation and expertise necessary to make decisions and act as coordinator for the Participant, who will be available for EFAG and ECAG with respect to this Agreement.
- d) Inform EFAG in the event the Participant is or will be unable to fulfil the Eurex Market-Making Obligations without undue delay and at the latest within one business day.

3. ECAG will

- a) Refund 20 percent of all transaction fees (order book and off-book transactions on Eurex Exchange) for the contracts traded by the Designated Market Makers on M-accounts in the respective products up to 31 December 2017. Refunds will be paid in full only if the Eurex Market-Making Obligations have been fulfilled in the month prior to the month in which they are payable. No refunds will be made for contracts traded on A- or P-accounts.

- b) Offer a revenue sharing where up to 20 percent of all net transaction-based revenues (transaction-based revenues in Mini-DAX[®] Futures after rebates) are shared on a monthly basis between in total up to eight Market Makers, who either fulfil the quote obligations of program DMM1 or DMM2.
 - Up to 20 percent are distributed among up to eight qualifying Market Makers of the schemes DMM1 or DMM2, whereby 10 percent are shared evenly between all qualifying Market Makers and 10 percent are shared based on the volume contribution in the orderbook (M-account) of the Market Maker versus all qualifying Market Makers
 - The maximum amount of revenue sharing per member is limited to 7.5 percent
4. EFAG and ECAG shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:
 - a) The Participant does not comply with the Eurex Market-Making Obligations for four consecutive months counted as of the date of this Agreement. Conformance of the Participant with the Eurex Market-Making Obligations shall be monitored by EFAG. EFAG will determine in its sole discretion whether the Participant has fulfilled the Eurex Market-Making Obligations.
 - b) The Participant does not comply with any other of its obligations stated under No. 2 above.
5. The Participant shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:
 - a) A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned products.
 - b) A significant change to the Eurex Market-Making Obligations.
6. The Participant and EFAG and ECAG shall severally be entitled to terminate this Agreement without giving any reason with one calendar month's prior notice.
7. The Participant shall be notified of any changes to this Agreement and the Eurex Market-Making Obligations at least three (3) business days prior to the effective date thereof. The Participant accepts the amendments, provided a written objection is not filed with ECAG and EFAG within three (3) business days after the publication. ECAG and EFAG reserve the right to terminate the contract in case of non-acceptance of the amendments.
8. EFAG and ECAG offer this contractual agreement to interested Trading Participants. Through signature by the Trading Participant, this Agreement automatically becomes a binding contract, even without counter-signature by representatives of EFAG and ECAG.



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 Agreement to the fax number or e-mail address indicated on page 1.