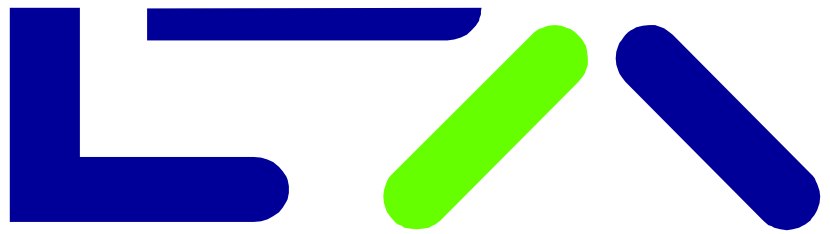


X-pand into the Future



eurex circular 128/15

Date: 13 July 2015
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

**Volatility derivatives: Market-Making scheme for
EURO STOXX 50[®] Variance Futures**

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Content may be most important for:

☞ All departments

Attachment:

Eurex Clearing circular 077/15

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to offer a Designated Market-Making scheme in EURO STOXX 50[®] Variance Futures (EVAR) for the period **1 August 2015 to 31 December 2016**.

To register as a Designated Market Maker, please use the form attached to Eurex Clearing circular 077/15 and return it to Sascha Semroch at fax number +49-69-211-61 50 78 or e-mail:

sascha.semroch@eurexchange.com.



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**Volatility derivatives: Market-Making scheme for
EURO STOXX 50[®] Variance Futures**

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to offer a Designated Market-Making scheme in EURO STOXX 50[®] Variance Futures (EVAR) for the period 1 August 2015 to 31 December 2016.

During afore mentioned period, a revenue sharing will be offered for Market-Making in EURO STOXX 50[®] Variance Futures, in addition.

Market-Making in EUROSTOXX 50[®] Variance Futures

Designated Market Makers shall provide two-way prices in all expiration months during 80 percent of the exchange trading day between 09:00 and 17:30 CET on a monthly average. Quoting in the nearest expiration (front month) can be suspended five business days prior to expiration.

Upon fulfilment of the Market-Making requirements in EURO STOXX 50[®] Variance Futures, Eurex Clearing will in return reimburse 50 percent of the transaction fees for transactions in EURO STOXX 50[®] Variance Futures concluded on M-accounts by Designated Market Makers (order book and off-book transactions).

The quotation requirements are as follows:

Expiration month no.	Minimum quote size	Maximum spread
1	5,000 Vega	3 percentage points volatility
2-3	10,000 Vega	2 percentage points volatility
4-5	25,000 Vega	1.5 percentage points volatility
6-8	50,000 Vega	1.5 percentage points volatility

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

Revenue sharing scheme for Designated Market Makers in EURO STOXX 50[®] Variance Futures

Participating Market Makers are ranked according to their quality contribution to Eurex Exchange's order book.

The five Market Makers with the highest quality ranking qualify for the revenue sharing scheme:

- The share in net revenue (transaction fees minus rebates) will be up to 30 percent of the net revenues generated in EURO STOXX 50[®] Variance Futures.
- Distribution takes place on a quarterly basis (beginning in October 2015) to at most five registered Market Makers, provided all Market Maker Obligations were fulfilled. 10 percent of the net revenues are equally distributed between up to five fulfilling registered Market Makers. Up to 20 percent of the net revenues are distributed according to the ranking of the individual quality contribution of a registered Market Maker to Eurex Exchange's order book.
- Quality ranking, revenue sharing fund and the individual participation of Market Makers will be calculated on a monthly basis. The distribution takes place on a quarterly basis.

- The revenue sharing fund will be split as follows:

	Market Maker Rank 1	Market Maker Rank 2	Market Maker Rank 3	Market Maker Rank 4	Market Maker Rank 5
Revenue sharing part I (10% of net revenues) – equal distribution	equal participation	equal participation	equal participation	equal participation	equal participation
Revenue sharing part II (20% of net revenues) – ranking-based	40 % participation	30 % participation	20 % participation	10 % participation	0 % participation

Quality ranking

The quality contribution of the single Market Maker is determined according to the quoted size and the quoted bid/ask spread in relation to the Market Maker requirements:

- Spread quality: The quality indicator ranges from 0 to 1, whereby 0 means that the Market Maker quoted on average the maximum spread and 1 means that the Market Maker quoted on average “one tick” wide.
- Size quality: The quality indicator ranges from 0 to 1, whereby 0 means that the Market Maker quoted on average the minimum quote size and 1 means that the Market Maker quoted on average four times the minimum quote size.

Spread- and size quality are calculated on a time-weighted monthly average.

The quality contribution is calculated as follows:

$$\text{quality indicator} = \text{spread quality} \times 0.5 + \text{size quality} \times 0.5$$

If two or more Market Makers achieve the same quality indicator in a given month, those Market Makers will be allocated to the subsequent ranks according to their volume traded in the order book on the M account in relation to the cumulative volume traded by all qualifying Market Makers in the order book on the M account (market share).

Example: If four Market Makers achieve the second best quality indicator (rank 2) at the same time, the Market Makers will be allocated to rank 2-5 according to their market share in the order book on the M account.

13 July 2015

clear to trade



eurex clearing circular 077/15

Date: 13 July 2015
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

Volatility derivatives: Market-Making scheme for EURO STOXX 50[®] Variance Futures

Related Eurex circular: 128/15

Contact: Derivatives Clearing Supervision, T +49-69-211-1 12 50, clearing@eurexclearing.com

Content may be most important for:

☞ All departments

Attachment:

Market Maker Agreement

In conjunction with the Designated Market Making scheme of Eurex Deutschland and Eurex Zürich AG in EURO STOXX 50[®] Variance Futures (EVAR) for the period **1 August 2015 to 31 December 2016** Eurex Clearing takes the following measures:

- Upon fulfilment of the Designated Market-Making requirements in EURO STOXX 50[®] Variance Futures a reimbursement of 50 percent of the transaction fees for transactions in EURO STOXX 50[®] Variance Futures concluded on M-accounts in the respective products by Designated Market Makers (order book and off-book transactions) will be granted.
- Additionally, a revenue sharing scheme of up to 30 percent of the net revenues (transaction fees minus rebates) generated in EURO STOXX 50[®] Variance Futures will be offered. Distribution takes place on a quarterly basis (beginning in October 2015) to at most five registered Market Makers, provided that all Market Maker obligations were fulfilled. Ten percent of the net revenues are equally distributed between up to five fulfilling registered Market Makers. Up to 20 percent of the net revenues are distributed according to the ranking of the registered Market Maker. Participating Market Makers are ranked according to their individual quality contribution to Eurex Exchange's order book. Quality ranking, revenue sharing fund and the individual participation of Market Makers will be calculated on a monthly basis.

To register as a Designated Market Maker, please use the form attached and return it to Sascha Semroch at fax number +49-69-211-61 50 78 or e-mail: sascha.semroch@eurexchange.com.



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Chairman of the
Supervisory Board:
Hugo Bänziger

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Heike Eckert, Matthias Graulich,
Thomas Laux, Erik Tim Müller

Aktiengesellschaft mit
Sitz in Frankfurt/Main
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Amtsgericht
Frankfurt/Main



Please return by fax or e-mail to:

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sascha.semroch@eurexchange.com

**Designated Market Maker Agreement
for EURO STOXX 50[®] Variance 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 August 2015 to 31 December 2016** under the conditions outlined below with respect to the following products (please tick the appropriate box):

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 Eurex Market-Making Obligations for EURO STOXX 50[®] Variance Futures can be amended from time to time.
 - b) provide EFAG with the name of a manager, who has the authorization 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 take 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 50 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 EURO STOXX 50[®] Variance Futures up to and including **31 December 2016**. 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 for fulfilling the Market-Making Obligations for EURO STOXX 50[®] Variance Futures as detailed in Eurex circular 128/15.



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.

5. The Participant shall, upon occurrence of one of the following events, be entitled to terminate this Agreement:
 1. A significant change in the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich for the aforementioned products.
 2. 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.

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 indicated above.