

## eurex circular 072/14

**Date:** 16 April 2014  
**Recipients:** All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors  
**Authorized by:** Mehtap Dinc



Action required



High priority

**Equity index options: Introduction of Weekly Options  
on the EURO STOXX<sup>®</sup> Banks Index**

**Contact:** Christine Heyde, Eurex Product Development, T +49-69-211-1 56 98,  
[christine.heyde@eurexchange.com](mailto:christine.heyde@eurexchange.com)

**Content may be most important for:**

Ü All departments

**Attachments:**

1. Updated sections of the of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Eurex Clearing circular 047/14

**Summary:**

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to introduce options with weekly expirations ("Weekly Options") on the EURO STOXX<sup>®</sup> Banks Index on **19 May 2014**. These Eurex Weekly Options will be introduced as independent products on the EURO STOXX<sup>®</sup> Banks Index.

In order to promote trading activities in these Weekly Index Options, a revenue sharing scheme for Market Makers in these products will be offered until 30 April 2015.

This circular provides information on the introduction of the new products and the updated sections of the relevant rules and regulations of Eurex Deutschland and Eurex Zürich.



## Equity Index options: Introduction of Weekly Options on the EURO STOXX® Banks Index

### 1. Introduction date

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG decided to introduce options with weekly expirations ("Weekly Options") on the EURO STOXX® Banks Index on 19 May 2014.

### 2. Contract specifications and product parameters

Eurex Weekly Options will be introduced as independent products on the EURO STOXX® Banks Index. Eurex Exchange will offer Weekly Options for the first, second, fourth and fifth Friday of a calendar month. If the current month does not have a fifth Friday, the option will expire on the immediately following fifth Friday. The third Friday of each month remains reserved for the standard option series.

With the exception of the contract period, parameters for the Weekly Options on the Euro STOXX® Banks Index will be in line with the existing index options.

Eurex products				Underlying	
Euro STOXX® Banks Weekly	Product code	Product ISIN	Contract period*	Product code and ISIN	Product type
Euro STOXX® Banks 1 <sup>st</sup> Friday	OEB1	DE000A11RBL1	The next 1 <sup>st</sup> Friday	SX7E, EU0009658426	OINX
Euro STOXX® Banks 2 <sup>nd</sup> Friday	OEB2	DE000A11RBM9	The next 2 <sup>nd</sup> Friday		
Euro STOXX® Banks 4 <sup>th</sup> Friday	OEB4	DE000A11RBN7	The next 4 <sup>th</sup> Friday		
Euro STOXX® Banks 5 <sup>th</sup> Friday	OEB5	DE000A11RBP2	The next 5 <sup>th</sup> Friday		

\*At the start of trading on each Friday, the expiration for the same week of the following month will be introduced.

The Weekly Options on the EURO STOXX® Banks Index follow the current Eurex standard for exercise prices for regular options on the EURO STOXX® Banks Index (OESB). Please see the contract specifications for the exercise prices.

The updated Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be published as of the introduction of the new products on the Eurex website [www.eurexchange.com](http://www.eurexchange.com) under the following link:

**[Resources > Rules and Regulations > Contract specifications](#)**

### 3. Risk parameters

Margin parameters will be published in due course on the Eurex website under the following link:

**[Market data > Clearing data > Risk parameters and initial margins](#)**

### 4. Trading hours

The trading hours are in line with the ones valid for regular options on the EURO STOXX® Banks Index (OESB). Please see the contract specifications for the trading hours.

## 5. Mistrade ranges

Mistrade ranges and position limits for the new Weekly Options on the EURO STOXX<sup>®</sup> Banks Index will be published as of the start of trading on the Eurex website under the following link:

**Products > Equity Index Derivatives > STOXX<sup>®</sup> Indexes**

## 6. Market-Making

The Market-Making rebates are based on Permanent Market-Making (PMM) for index options without Market-Making in Options Strategies (according to section 3.2.1 of the Price List for Eurex Clearing AG).

The Market Maker Obligations at Eurex are available for download on the Eurex website under the following link:

**Trading > Market model > Market-Making > Market Maker obligations**

In order to further promote trading activities, especially in the order book, it was decided to introduce a revenue sharing scheme for Market Makers in Weekly Options on the EURO STOXX<sup>®</sup> Banks Index. Under this scheme, 15 percent of net transaction fees for trading and clearing (according to section 3.1 of the Price List for Eurex Clearing AG) in this product will be reimbursed to the Market Makers in the respective product. The scheme will run from 19 May 2014 until 30 April 2015.

Eurex Exchange will evaluate on a monthly basis which Market Makers fulfilled the Market Maker Obligations at Eurex. Among these, the five most active Market Makers per calendar month according to the number of contracts traded in the order book on the M- or P-account will be determined. These five Market Makers will participate in the revenue sharing in accordance with their share in percent of the order book turnover.

### Criteria for fulfilment of PMM in Weekly Options

- **Continuous Quotation**

Permanent Market-Making at Eurex Exchange consists of continuous quotation of a set of strikes for a pre-defined set of expirations (expiration range). Continuous quotation must cover 85 percent of the trading period between 09:00 and 17:30 CET on each exchange trading day per calendar month (calculated on a monthly average).

Permanent Market Makers (PMMs) will be obliged to quote calls and puts in five strikes (i.e. a total of ten series) out of a strike price window of seven strikes nearest to the current index price within the expiration range. Asymmetric quotation is allowed. The expiration range for Weekly Options includes the front week and the respective immediately following week, whereby the third Friday of a month as standard expiration does not count for the Weekly Options.

At present, quote requests do not have to be answered.

- **Minimum quote size per expiration date**

Eurex products	Front week	Following week
Weekly Options on the Euro STOXX <sup>®</sup> Banks Index	50 contracts	50 contracts

During the Fast Market phase, the minimum quote size is reduced by 50 percent.

- **Maximum spread**

Eurex product	Spread class	Bid up to: max. spread	Bid up to: max. spread	Bid up to: max. spread
Weekly Options on the Euro STOXX <sup>®</sup> Banks Index	5 (+ 50 %)	0 – 5.3 : 1.5	> 5.3 – 53.3 : 30.0 %	> 53.3 : 16.1

During the Fast Market phase, the maximum spread size is increased by 100 percent.

Eurex participants interested in taking part in this scheme do not need to apply. Fulfilment is monitored automatically and revenues are distributed on a monthly basis.

## 7. Vendor codes

As of start of trading, data vendor codes for the new products will be published on the Eurex website under the link:

**Products > Vendor Product Codes**

## 8. Transaction limits, minimum size for cross- and pre-arranged trades, transaction fees

The same values apply as for the regular options on the EURO STOXX<sup>®</sup> Banks Index (OESB).

## 9. Eurex Trade Entry facilities

The minimum number of tradable contracts via the Eurex Trade Entry facilities is 100 contracts, in line with the minimum number for regular options on the EURO STOXX<sup>®</sup> Banks Index (OESB).

The Flexible Options facility will not be available for Weekly Options on the EURO STOXX<sup>®</sup> Banks Index.

An overview of the Eurex Trade Entry facilities available for the products as well as detailed information with regard to availability, possibility of utilisation and minimum number of tradable contracts for the various Eurex Trade Entry facilities is available on the Eurex website under the following link:

**Trading > EurexOTC Trade Entry > Trade entry parameters**

## 10. Prisma eligibility

All Eurex Weekly Options are eligible for usage in Prisma. If you wish to inquire about Prisma eligibility of individual Eurex products, please call Risk Control on tel. +49-69-211-1 24 52.

16 April 2014

\*\*\*\*\*

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

\*\*\*\*\*

[...]

**2. Part:  
Contract Specifications for Options Contracts**

[...]

**2.4 Subpart:  
Contract Specifications for Index Options**

[...]

**2.4.4 Term**

Index Options are generally available at the Eurex Exchanges for the following terms:

§ 5 weeks: up to and including the next, the second, the third and the fourth succeeding expiration days.

§ [...]

Index Options are currently available at the Eurex Exchanges for the following terms, such terms being determined by the Board of Management of the Eurex Exchanges:

Product	Term Groups	
[...]		
DAX <sup>®</sup> Options contracts	5 weeks	60 months
[...]		
EURO STOXX 50 <sup>®</sup> Index Options contracts	5 weeks	9 years 11 months
[...]		
EURO STOXX <sup>®</sup> Sector Index Options contracts (Product IDs: OESA, OESB, OESI, OESE, OEST, OESU)		60 months
<u>EURO STOXX<sup>®</sup> Banks Sector Index Options contracts</u> (Product ID: <u>OESB</u> )	<u>5 weeks</u>	<u>60 months</u>
[...]		

[...]

#### 2.4.6 Exercise Prices

[...]

- (4) Options series of options contracts on the EURO STOXX<sup>®</sup> Banks Sector Indices and on the STOXX<sup>®</sup> Europe 600 Banks Sector Indices may have exercise prices with price gradations of 2.5 points for terms up to 3 months (including the term group 5 weeks), of 5 points for terms of 4 to 12 months, of 10 points for terms of 13 to 24 months or of 20 points for terms of more than 24 months.

[...]

[...]

clear to trade



## eurex clearing circular 047/14

**Date:** 16 April 2014  
**Recipients:** All Clearing Members of Eurex Clearing AG and Vendors  
**Authorized by:** Heike Eckert

### EURO STOXX® Banks Index: Clearing of Weekly Options

**Contact:** Derivatives Clearing, T +49-69-211-1 12 50, [clearing@eurexclearing.com](mailto:clearing@eurexclearing.com),  
Risk Control, T +49-69-211-1 24 52, [risk@eurexclearing.com](mailto:risk@eurexclearing.com)

**Content may be most important for:**

Ü All departments

**Attachments:**

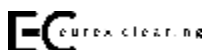
none

**Summary:**

Effective **19 May 2014**, Eurex Clearing will offer clearing of options with weekly expirations ("Weekly Options") introduced at Eurex Exchange. Eurex Weekly Options will be introduced as independent products on the EURO STOXX® Banks Index.

In order to promote trading activities in these Weekly Index Options, a revenue sharing scheme for Market Makers in these products will be offered until 30 April 2015.

Specific information on the introduction of the new products, criteria for fulfilment of Market-Making as well as the updated sections of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich can be retrieved from Eurex circular 072/14.



Eurex Clearing AG  
Mergenthalerallee 61  
65760 Eschborn  
Mailing address:  
60485 Frankfurt/Main  
Germany

T +49-69-211-1 17 00  
F +49-69-211-1 17 01  
[memberservices@eurexclearing.com](mailto:memberservices@eurexclearing.com)  
Internet:  
[www.eurexclearing.com](http://www.eurexclearing.com)

Chairman of the  
Supervisory Board:  
Hugo Bänziger

Executive Board:  
Thomas Book (CEO),  
Heike Eckert, Thomas Laux,  
Erik Tim Müller, Andreas Preuss

Aktiengesellschaft mit  
Sitz in Frankfurt/Main  
HRB Nr. 44828  
USt-IdNr. DE194821553  
Amtsgericht  
Frankfurt/Main

## **EURO STOXX® Banks Index: Clearing of Weekly Options**

Effective 19 May 2014, Eurex Clearing will offer clearing of options with weekly expirations (“Weekly Options”) introduced at Eurex Exchange. Eurex Weekly Options will be introduced as independent products on the EURO STOXX® Banks Index.

In order to promote trading activities in these Weekly Index Options, a revenue sharing scheme for Market Makers in these products will be offered until 30 April 2015.

Specific information on the introduction of the new products, criteria for fulfilment of Market-Making as well as the updated sections of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich can be retrieved from Eurex circular 072/14.

### **1. Contract specifications and product overview**

Eurex Weekly Options will be introduced as independent products on the EURO STOXX® Banks Index. Eurex Exchange will offer Weekly Options for the first, second, fourth and fifth Friday of a calendar month. If the current month does not have a fifth Friday, the option will expire on the immediately following fifth Friday. The third Friday of each month remains reserved for the standard option series.

With the exception of the contract period, parameters for the Weekly Options on the EURO STOXX® Banks Index will be in line with the existing index options.

Eurex products				Underlying	
Euro STOXX® Banks Weekly	Product code	Product ISIN	Contract period*	Product code and ISIN	Product type
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Euro STOXX® Banks 4 <sup>th</sup> Friday	OEB4	DE000A11RBN7	The next 4 <sup>th</sup> Friday		
Euro STOXX® Banks 5 <sup>th</sup> Friday	OEB5	DE000A11RBP2	The next 5 <sup>th</sup> Friday		

\* At the start of trading on each Friday, the expiration for the same week of the following month will be introduced.

The Weekly Options on the EURO STOXX® Banks Index follow the current Eurex standard for exercise prices for regular options on the EURO STOXX® Banks Index (OESB). Please refer to the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich (Contract Specifications) for the exercise prices.

The updated sections of the Contract Specifications are attached to Eurex circular 072/14.

### **2. Minimum contract size for block trade functionality**

The minimum number of tradable contracts via the Eurex Trade Entry facilities is 100 contracts, in line with the minimum number for regular options on the EURO STOXX® Banks Index (OESB).

The Flexible Options facility will not be available for Weekly Options on the EURO STOXX® Banks Index.



An overview of the Trade Entry facilities available for the products as well as detailed information with regard to availability, possibility of utilisation and minimum number of tradable contracts for the various Trade Entry facilities is available on the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the following link:

**Cleared markets > EurexOTC > EurexOTC Trade Entry**

**3. Market-Making**

The Market-Making rebates are based on Permanent Market-Making (PMM) for index options without Market-Making in Options Strategies (according to section 3.2.1 of the Price List for Eurex Clearing AG). For the criteria for fulfilment of PMM in Weekly Options please refer to Eurex circular 072/14.

In order to further promote trading activities, especially in the order book, a revenue sharing scheme for Market Makers in Weekly Options on the EURO STOXX<sup>®</sup> Banks Index will be offered as of the introduction. Under this scheme, 15 percent of net transaction fees for trading and clearing (according to section 3.1 of the Price List for Eurex Clearing AG) in the corresponding product will be reimbursed to the Market Maker. The revenue sharing scheme will run from 19 May 2014 until 30 April 2015.

Eurex Exchange will evaluate on a monthly basis which Market Maker fulfilled the Market Maker Obligations at Eurex. Among these, the five most active Market Makers per calendar month according to the number of contracts traded in the order book on the M- or P-account will be determined. These five Market Makers will participate in the revenue sharing in accordance with their share in percent of the order book turnover.

**4. Trading hours**

Trading hours are in line with the ones valid for regular options on the EURO STOXX<sup>®</sup> Banks Index (OESB). The trading hours can be retrieved from the contract specifications attached to Eurex circular 072/14.

**5. Prisma eligibility**

All Eurex Weekly Options are eligible for usage in Prisma. If you wish to inquire about Prisma eligibility of individual Eurex products, please call Risk Control on tel. +49-69-211-1 24 52.

16 April 2014