

clear to trade



eurex clearing *circular 088/17*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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<u>Euro-BTP-Futures: Introduction of options contracts on futures contracts on notional long-term Italian government bonds</u>	
Related Eurex circular: 098/17	
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Content may be most important for: Ü All departments	Attachment: Updated sections of the Price List of Eurex Clearing AG
<u>Summary:</u> Effective 2 October 2017 , Eurex Clearing AG (Eurex Clearing) will offer clearing services for option contracts on “Euro-BTP-Futures” (futures contracts on notional long-term debt securities of the Italian Republic) introduced at Eurex Deutschland and Eurex Zürich (collectively: the Eurex Exchanges). This circular contains information on clearing of the respective product and the updated sections of the relevant Price List of Eurex Clearing AG which will come into effect on 2 October 2017. Please refer to Eurex circular 098/17 for specific trading-related information on the introduction of the new product as well as the updated sections of the relevant Rules and Regulations of the Eurex Exchanges.	



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**Euro-BTP-Futures: Introduction of options contracts on futures contracts
on notional long-term Italian government bonds**

Effective 2 October 2017, Eurex Clearing AG (Eurex Clearing) will offer clearing services for option contracts on “Euro-BTP-Futures” (futures contracts on notional long-term debt securities of the Italian Republic) introduced at Eurex Deutschland and Eurex Zürich (collectively: the Eurex Exchanges).

To implement the necessary measures, Eurex Clearing will adjust the Price List of Eurex Clearing AG (see the attachment).

This circular contains information on clearing of the respective product and the updated sections of the Price List of Eurex Clearing AG which will come into effect on 2 October 2017.

Please refer to Eurex circular 098/17 for specific trading-related information on the introduction of the new product as well as the updated sections of the relevant Rules and Regulations of the Eurex Exchanges.

1. Contract specifications

For the detailed contract specifications please refer to Eurex circular 098/17.

Underlying	Futures on a notional long-term debt instrument issued by the Republic of Italy with an original maturity not longer than 16 years and a remaining term of 8.5 to 11 years and a six percent coupon.
Contract size	One Euro-BTP-Futures contract
Price quotation / Minimum price change	Price quotation is based on points with two decimal places Minimum price change is 0.01 points/EUR 10
Settlement	The exercise of an option on Euro-BTP-Futures results in the creation of a corresponding position in Euro-BTP-Futures for the option buyer as well as the seller to whom the exercise is assigned. The position is established after the Post-Trading Full Period of the exercise day, and is based on the agreed exercise price.
Last trading day	Last trading day shall be the last Friday prior to the first calendar day of the expiration month that is followed by at least two exchange days prior to the first calendar day of the expiration month. Unless at least two exchange days lie between the last Friday of a month and the first calendar day of the expiration month, the last trading day shall be the Friday preceding the last Friday of a month. If such Friday thus determined, however, is not an exchange day, then the exchange day immediately preceding such Friday shall be the last trading day. Close of trading in all option series on the last trading day is at 17:15 CET.
Exercise	American-style, an option can be exercised until the end of the Post-Trading Full Period (18:30 CET) on any exchange day during the lifetime of the option, or until 18:00 CET on the last trading day.
Exercise prices	EUR 0.50 (50 cents)
Contract months	Up to six months: The three nearest successive calendar months, as well as the following quarterly month of the March, June, September and December cycle thereafter. Calendar months: The maturity month of the underlying futures contract is the quarterly month following the expiration month of the option. Quarterly months: The maturity month of the underlying futures contract and the expiration month of the option are identical.
Minimum block trade size	100 contracts
Option premium	The premium is settled using the futures-style method.

2. Amendments to the Clearing Conditions of Eurex Clearing AG

Amendments to the Clearing Conditions of Eurex Clearing AG are not necessary.

3. Transaction fees

The following fees for trading and clearing apply for the options on Euro-BTP-Futures:

Contract	Currency	Standard fee per contract (A-accounts)	Standard fee per contract (M- & P-accounts)
Order book transactions			
	EUR	0.20	0.20
Off-book transactions			
	EUR	0.20	0.20

Please refer to attachment for the updated sections of the Price List of Eurex Clearing AG.

4. Liquidity classes

Eurex Clearing grants volume rebates for Interest Rate Options and Interest Rate Futures according to § 3.2.2.2 of the Price List of Eurex Clearing AG. The volume rebates are subject to the Liquidity Class ("LC") of each respective product.

5. Market-Making

Effective 2 October 2017, the following measures of Eurex Clearing will come into effect:

- Introduction of a Building Block Market-Making scheme for options on Euro-BTP-Futures (Eurex product code: OBTP), valid from 2 October 2017 until 31 December 2017. Upon fulfilment of the relevant Market-Making obligations, Building Block Market Makers shall receive a total refund of the transaction fees for OBTP contracts traded on the M-account in the electronic order book and for off-book transactions on a monthly basis.
- Furthermore, Eurex Clearing offers a revenue sharing in which 50 percent of the net revenues (i.e. transaction fees paid by all exchange participants who trade options on Euro-BTP-Futures and collected by Eurex Clearing (less any Market-Making rebates granted) from 2 October 2017 until 31 December 2017 are distributed. 50 percent of the net trading fees will be distributed among the top five fulfilling Market Makers on a monthly basis according to the ranking of one single Market Maker out of the total trading volume of the top five Market Makers (based on M-account volumes). The top Market Maker will receive 15 percent of the net transaction fees, while 12.5, 10, 7.5 and 5 percent of the net trading fees will be shared with the Market Makers ranked 2, 3, 4 and 5.

The relevant conditions and details as well as the exact parameters of the Market-Making scheme in the respective product can be found in Eurex circular 098/17.

Members who are interested in taking part are requested to fill in and return the Market Maker Application attached to Eurex circular 098/17 to Rex Jones, Product R&D Fixed Income, at fax +49-69-211-61 78 06 or e-mail: rex.jones@eurexchange.com.

6. Risk parameters

Margins for the new products are calculated in Prisma.

For the risk parameters of the new product, please refer to the Eurex Clearing website www.eurexclearing.com under the link:

Risk management > Risk parameters

7. Trading hours (CET)

Product	Pre-trading period	Continuous Trading	Post-trading Full Period	Eurex TES Trading
Options on Euro-BTP-Futures	07:30-08:00	08:00-17:15	17:15-18:30	08:00-18:00

8. Necessary preparations to participate in trading

All Eurex Participants (General-, Direct- or Non-Clearing Members at Eurex Clearing) who wish to participate in trading in options on Euro-BTP Futures at the Eurex Exchanges and General Clearing Members whose Non-Clearing Members wish to participate in trading in options on Euro-BTP Futures at the Eurex Exchanges, are required to have an existing setup for the Euro-BTP Futures in place. Please contact your Eurex Key Account Manager Trading to clarify the setup for orderly settlement of trades in case of physical delivery of Italian government bonds.

Pursuant to Number 14 Paragraph 3 of the Price List of Eurex Clearing AG (Price List), the amendments to the Price List as communicated with this circular shall be deemed to have been accepted by the respective Clearing Member unless such Clearing Member's written objection is submitted to Eurex Clearing within ten (10) business days after publication.

If you have any questions or require further information, please contact Derivatives Clearing Operations at tel. +49-69-211-1 12 50 or send an e-mail to: clearing@eurexclearing.com. Alternatively, Risk Control is available at tel. +49-69-211-1 24 52 or via e-mail to: risk@eurexclearing.com.

14 September 2017

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

3. Transaction Fees for Derivatives Transactions (Order Book Transactions and Off-Book-Transactions on the Eurex Exchanges)

[...]

3.1 Matching / Recording of Derivatives Transactions

[...]

Product / Product Group	Currency	Execution Type	Accounts	Standard Fee per Contract (contract volume ≤ threshold)	Reduced Fee per Contract (contract volume > threshold)	Threshold (number of contracts)
[...]						
Interest Rate Options						
[...]						
Options on Euro-OAT Futures <u>Options on Euro-BTP Futures</u>	EUR	Order book	A	0.20	n. a.	n. a.
			P	0.20	n. a.	n. a.
			M	0.20	n. a.	n. a.
		Off-book	A	0.20	n. a.	n. a.
			P	0.20	n. a.	n. a.
			M	0.20	n. a.	n. a.
[...]						

[...]

3.3 Position Closing Adjustments

Position Closing Adjustments, if these do not take place until 13:30 CET on the trading day following the day of the transaction, shall be priced as follows:

Price List for Eurex Clearing AG

Product / Product Group	Fee per Contract
[...]	
Interest Rate Derivatives	
[...]	
Options on Euro-OAT Futures <u>Options on Euro-BTP Futures</u>	EUR 0.40
[...]	

[...]

3.7 Exercise of Options

[...]

Product / Product Group	Accounts	Fee per Contract
[...]		
Interest Rate Derivatives		
[...]		
Options on Euro Bund Futures, Options on Euro Bobl Futures, Options on Euro Schatz Futures, Options on Euro-OAT Futures <u>Options on Euro-BTP Futures</u>	A P M	EUR 0.20 EUR 0.20 EUR 0.20
[...]		

3.8 Assignment of Options

[...]

Product / Product Group	Fee per Contract
[...]	
Interest Rate Derivatives	
[...]	
Options on Euro Bobl Future, Options on Euro Bund Future, Options on Euro Schatz Future, Options on Euro-OAT Future, <u>Options on Euro-BTP Futures</u>	EUR 0.20
[...]	

[...]
