

Eurex Circular 054/19

Money Market Derivatives: Amended Liquidity Provider scheme for Three-Month SARON[®] Futures

This circular announces an amendment to the Basis Building Block requirements of the existing Liquidity Provider (LP) scheme for Three-Month SARON[®] Futures, as well as the introduction of an “Additional Supporter Incentive”. The scheme amendments will be effective on **3 June 2019**.

Eurex Trading Participants who become LPs in the aforementioned product will continue to be able to participate in up to three different incentive schemes:

1. Up to 100 percent reduction on transactions fees;
2. Participation in a 50 percent revenue sharing programme for Three-Month SARON[®] Futures limited to the “Top Five LPs” based on their market share;
3. Monthly payments of €10,000, net of VAT, will be offered to the “Top Three LPs” based on their quotation time for the respective fulfilment month, until **30 November 2019**.

Please refer to the attached document “Product Specific Supplement” for more details.

Participating in the Liquidity Provider scheme requires fulfilment of specific quality criteria and conditions, as outlined in the “Product Specific Supplement”.

Interested Eurex Trading Participants are invited to become Liquidity Providers in the Three-Month SARON[®] Futures scheme and to contact Eurex Exchange for this purpose.

Attachment:

- Product Specific Supplement

Date: 3 May 2019

Recipients:

All Trading Participants of Eurex Deutschland and Vendors

Authorized by:

Michael Peters

Target groups:

- All departments

Contact:

Jenny Ivleva, Product R&D Fixed Income, T +44 207 8 6270 98, jenny.ivleva@eurexchange.com

Product Specific Supplement for Three-Month SARON® Futures

Validity: 29th October 2018 to 31st December 2020

Contact: Jenny Ivleva, Product R&D Fixed Income, T +44 207 8 62-70 98, jenny.ivleva@eurexexchange.com

Preamble

This Product Specific Supplement for Three-Month SARON® Futures (hereinafter referred to as “Product Specific Supplement”) forms an integral part of the Liquidity Provider Agreement (LPA).

Under this Product Specific Supplement a Liquidity Provider scheme for Three-Month SARON® Futures is offered. Additionally a Revenue Sharing and an Initial Supporter Incentive are offered. The Initial Supporter Incentive will run from 1st November 2018 until 30th April 2019. Following expiry of the Initial Supporter Incentive a Further Supporter Incentive will be offered from 3rd June 2019 until 30th November 2019. In addition, the Building Block Requirements will be changed effective as of 3rd June 2019 and as outlined under 3.1 below.

1. Applicable Building Blocks

Pursuant to Sec. 2.3 of the General Supplement to the LPA, the granting of rebates and the concrete rebate levels to be applied on the respective transaction fees are dependent on the fulfilment of Building Blocks. For this Product Specific Supplement, the following Building Blocks are applicable:

Scheme	Product ID	Basis BBB	Package PBB	Strategy CBB	Larger Size LBB	Tighter Spread TBB	Stress Presence SBB	Eurex EnLight EBB	Revenue Sharing
Three-Month SARON® Futures	FSO3	✓							✓

The requirements for Strategy Building Block, Larger Size Building Block, Tighter Spread Building Block, Stress Presence Building Block and Eurex EnLight Building Block are product group specific and can be found in section 2.3 of the General Supplement to the LPA.

2. Liquidity Provider Rebates

Upon fulfilment of the Building Block requirements of one product, Liquidity Providers shall receive a fee rebate as specified in section 3 of the General Supplement to the LPA in accordance with the table below.

The evaluation takes place on a monthly basis.

Execution type	Building Block	Upon fulfilment of requirements
Order book	Basis	100%
	Package	-
	Strategy	-
	Larger Size	-
	Tighter Spread	-
	Stress Presence	-
	Total	100%
Eurex EnLight	Basis	-
	Package	-
	Strategy	-
	Eurex EnLight	-
	Total	-
TES	Basis	100%
	Package	-
	Strategy	-
	Eurex EnLight	-
	Total	100%

3. Building Block Requirements

3.1. Basis Block Requirements

In order to receive the Liquidity Provider rebates pursuant to Sec. 2 above, the following quotation requirements shall apply:

	White Months	Red Months	Green Months
Product ID	FSO3		
Quotation Period	08:00-17:00 CET		
Required Coverage	70%		
Maturity Range	Exp. 1-4	Exp. 5-8	Exp. 9-12
Minimum Quote Size	Until 31 May 2019: 150 From 3 June 2019: 75	Until 31 May 2019: 75 From 3 June 2019: 50	Until 31 May 2019: 50 From 3 June 2019: 25
Maximum Spread (Ticks)	2	Until 31 May 2019: 3 From 3 June 2019: 5	Until 31 May 2019: 4 From 3 June 2019: 10

4. Other monetary incentive schemes

4.1. Revenue Sharing

A revenue sharing scheme for Three-Month SARON[®] Futures is offered as of 29 October 2018 until 31 December 2020 in accordance with section 3.1.2 of the General Supplement to the LPA.

The evaluation takes place on a monthly basis.

	FSO3
Revenue Sharing Pool:	Up to 50% of the net revenues of the product FSO3
Participation Condition:	Fulfilment of Basis Block requirements
Number of Participants:	Up to 5
Qualification criterion:	The top 5 fulfilling Liquidity Providers participate; ranked according to their share of trading volume in M-accounts (order book and TES) of all fulfilling Liquidity Providers
Distribution Method:	50% of the net revenues will be distributed proportionally among all qualifying Liquidity Providers according to their share of trading volume in M-accounts (order book and TES)

VAT on the Revenue Sharing amounts shall be borne by the Liquidity Provider, if applicable, and will be offset against any due and unpaid Revenue Sharing amount.

4.2. Additional Supporter Incentive

Starting 3rd June 2019 until and including 30th November 2019, a further incentive of a monthly stipend of EUR 10,000, net of VAT, will be offered to the top 3 Liquidity Providers; ranked according to their cumulative Quotation Time in the Basis Block Requirements, for the respective fulfilment month.

In order to receive the monthly stipends of EUR 10,000 the Liquidity Provider must fulfil the Basis Block Requirements on a monthly basis.

Eurex Clearing shall be entitled to pay the stipends to the account of the Clearing Member of the respective Liquidity Provider that has qualified for the stipends payment according to this section 4.2.

The Liquidity Provider shall authorise its Clearing Member to collect payment of stipends on its behalf.