

	Number:	I-EX-DF-09/2020
	Segment:	Financial Derivatives
	Date:	5 October 2020
	Effective Date:	6 October 2020
	Replaces:	I-EX-DF-17/2019
Subject	Regulated Market Maker Program on IBEX 35 Options.	
Summary	Fulfillment minimum conditions to be considered Regulated Market Maker on IBEX 35 Options. It is modified due to the change in the maturity groups.	

This Instruction is published to develop Circular C-EX-DF-22/2019 of Regulated Market Makers, or those that replace it.

1. MINIMUM QUOTING CONDITIONS AND DEGREE OF COMPLIANCE MEASUREMENT

MEFF establish the following parameters on the option premium:

Parameter in Euros			
Premium	Weekly expiries & Monthly Exp. 1st to 6 th	Premium	Monthly Exp. 7 th – .. th
Up to 20	8	Up to 50	20
From 21 to 40	12	From 51 to 100	40
From 41 to 90	18	From 101 to 300	60
From 90 to 225	30	From 301 to 500	80
From 226 to 400	40	From 501	100
From 401 to 750	50		
From 751	60		

Under “Fast Market” conditions all parameters will be doubled.

Based on these parameters, MEFF will perform the following measurement every 5 seconds on the existing orders in the order book associated with any of the member's proprietary accounts:

- All volume will be added to the offer for any price that is between the best bid price and the best ask price plus the parameter associated to the premium level. The result of this aggregate volume will be considered the Volume of the Sell.
- All volume will be added to the buy for any price that is between the best bid price and the best ask price minus the parameter associated to the premium level. The result of this aggregate volume will be considered the Volume of the Buy.

- If these two volumes differ in less than 50%¹, it will be considered in this measurement that the member is complying with Regulated Market Maker conditions and it will obtain a credit for that contract and that read.

MEFF will conduct the mentioned measurement on every grouped contract on three expiry groups:

- Weekly expires.
- Monthly expiry between the first and the sixth.
- Quarterly and six-monthly between the seventh and the last available expiry. Minimum quoting from the seventh to the twelfth expiry.

At the end of the day, MEFF will check the outcome of all measurements, with the aim of establish if the member has complied at least on 50% of the session.

It will be considered fulfillment of 50% of the session if the number of credits obtained on all contracts of the Group divided by all credits that could have obtained if the quotation on six call option and six put options on every expiry gives as a result a figure greater or equal to 50%.

In order to establish the time session, it will be considered as such the time period when the contract could have been traded, from the opening until the closing, excluding:

- Auction periods on the contract: opening auction, volatility auction or intra-day auction.
- Exceptional circumstances period.
- Exceptional circumstances period for Regulated Market Maker (Member's technical issues).
- Trading interruption period.

2. BENEFITS ASSOCIATED TO THE REGULATED MARKET MAKER PROGRAM

MEFF will establish incentives defined in Liquidity Provider Program for IBEX 35 Option contracts Group.

3. RANGE TO DECLARE FAST MARKET

If the variation between the maximum and the minimum of the IBEX 35 future in the last 120 minutes has been greater than 1%, MEFF will declare the "Fast Market" for 60 minutes on the group of contracts, if after this time the variation is less than 1%, the "Fast Market" will be deactivated, if not, it will be extended 60 minutes and so on until the variation of the last 120 minutes is less than 1%.

During the first 120 minutes of the session, the closing price of the previous session will be taken as a reference.

When an underlying situation is at Fast Market, the obligation to contribute will be established according to the following rules:

- The maximum spread is increased by 100% (Spread x 2).
- The minimum volume is reduced by 50% ($v / 2$), rounded to the nearest integer.

¹ If the lower of the two volumes is greater than or equal to half of the larger of the two volumes.