



eurex circular 111/17

Date: 18 October 2017
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc



High priority

Implementation of upcoming requirements regarding key information documents under the regulation for packaged retail and insurance-based investment products (PRIIPs regulation) by Eurex Deutschland

Contact: customer.readiness@eurexchange.com

Content may be most important for:

➡ All departments

Attachments:

1. List of key information documents (KIDs) that Eurex Deutschland will provide in the future;
2. Sample zip-file, comprising:
 - a. 64 placeholder documents representing the KIDs, which will be published in the future;
 - b. 1 excerpt csv file, representing the product assignment to KIDs for the asset class fixed income; and
 - c. 1 draft csv file indicating changes to previous versions of KIDs.
3. Technical standards and file descriptions for the provision of key information documents (KIDs);
4. KID in draft version for Fixed Income Futures long; and
5. Overview of target market considerations.

Summary:

This circular outlines important information regarding the implementation of upcoming requirements regarding key information documents under the regulation for packaged retail and insurance-based investment products (PRIIPs regulation) by Eurex Deutschland.

Eurex Deutschland (Eurex) qualifies as manufacturer of exchange traded derivatives under the PRIIPs regulation, and will provide key information documents (KIDs) covering all products traded on the exchange. The KIDs will be provided on the Eurex website www.eurexchange.com. With this circular, we would like to inform you about the following topics:

1. Aggregation level KIDs;
2. Provision of KIDs;
3. Languages of KIDs;
4. Target market considerations;
5. Information on costs; and
6. Next steps

The link to the Eurex website containing the current versions of all KIDs as well as further information and updates will be communicated via circulars later in October 2017.



Eurex Deutschland
Börsenplatz 4
60313 Frankfurt/Main
Mailing address:
60485 Frankfurt/Main
Germany

Internet:
www.eurexchange.com

Management Board:
Thomas Book,
Mehtap Dinc, Erik Tim Müller,
Michael Peters, Randolph Roth

ARBN: 101 013 361

Implementation of upcoming requirements regarding key information documents under the regulation for packaged retail and insurance-based investment products (PRIIPs regulation) by Eurex Deutschland

This circular outlines important information regarding the implementation of upcoming requirements regarding key information documents under the regulation for packaged retail and insurance-based investment products (**PRIIPs regulation**) by Eurex Deutschland.

Eurex Deutschland (Eurex) qualifies as manufacturer of exchange traded derivatives under the PRIIPs regulation, and will provide KIDs covering all products traded on the exchange. The KIDs will be provided on the Eurex website www.eurexchange.com. With this circular, we would like to inform you about the following topics:

1. Aggregation level KIDs;
2. Provision of KIDs;
3. Languages of KIDs;
4. target market considerations;
5. Information on costs; and
6. Next steps.

The link to the Eurex website containing the current versions of all KIDs as well as further information and updates will be communicated via circulars later in October 2017.

The PRIIPs regulation appreciates that (retail) investors face an increasingly wide range of available investment products when considering to make an investment. To improve transparency around these products, the PRIIPs regulation demands the creation of so-called key information documents (KIDs), establishing a common standard of information to be provided to retail investors across the European Union. KIDs shall help investors to better understand and compare the key features, risk, rewards and costs of different PRIIPs, presented in a standardised, short and consumer-friendly document. For exchange traded derivatives, specific requirements under the legislation have been prescribed.

The PRIIPs regulation will become applicable as of **1 January 2018**.

1. Aggregation level KIDs

As provided by legislation, exchanges may provide KIDs for exchange-traded derivatives on an aggregated level. Therefore, Eurex will provide KIDs for 12 different asset classes/product groups. For each of these asset classes/product groups six different KIDs will be provided (if respective products are tradable on Eurex): futures long, futures short, options call long, options call short, options put long and options put short. The list of KIDs that will be provided by Eurex is attached to this circular as attachment 1.

2. Provision of KIDs

All KIDs will be provided in pdf-format on Eurex' official website www.eurexchange.com. Together with the pdf-documents, Eurex will provide two csv-files. One of these csv-files will indicate which Eurex products are covered by which KID, whereas the second csv-file will indicate the changes to previous versions of KIDs (once any amendments have been implemented). In addition, Eurex will provide one zip-file per language in which KIDs are provided, containing all relevant documents for such language.

The preliminary KID draft provided in this circular reflects the current legislative requirements but might be subject to changes, in case of further clarification from regulatory guidance until application on 1 January 2018.

A sample zip-file is attached to the circular as attachment 2, containing:

- 64 placeholder documents representing the KIDs, which will be published in the future;
- 1 excerpt csv file, representing the product assignment to KIDs for the asset class fixed income; and
- 1 draft csv file indicating changes to previous versions of KIDs.

A document describing Eurex' technical standards and file description for the provision of KIDs is attached to this circular as attachment 3.

Further, a KID in draft version for Fixed income futures long is attached to this circular as attachment 4.

All documents will be available on the Eurex website free of charge to all Trading Participants and third parties.

3. Languages of KIDs

According to legislation, KIDs have to be produced in the official language(s) of Eurex' home jurisdiction. Further translations may be provided in case of concrete customer demand and a respective indication of such by market participants. As further required by regulation, if no translation of a KID into an EU country's home language (s) is available, the products covered by such KID must not be sold to retail investors in the respective country.

In line with these regulatory requirements, Eurex will publish KIDs for all exchange-traded products in German and English on the Eurex website, as of 1 January 2018. Depending on customer interest, Eurex is currently considering whether KIDs can be provided in additional languages and at what point in time respective translations could be made available.

4. Target market considerations

As part of a KID, an indication on intended investors for the products covered by the respective KID is required. Eurex operates neutral and open markets and has no direct business relationship to potential retail investors. However, Eurex acknowledges that general guidance considerations with respect to needs, characteristics and objectives of potential investors should be provided, outlining their potential ability to bear investment losses, their investment horizon preferences, and their knowledge of and past experience with respective products.

Eurex included an additional column in the csv-file that indicates which products are covered by which KID. In this column Eurex provides guidance with respect to potentially suitable investor groups in a coded, machine-readable version.

A value of 1 in the "target market" column in the respective csv-file indicates that respective products could be suitable for retail clients, professional clients and eligible counterparties, who

- pursue a strategy of capital optimization, leverage for the purpose of directional investing, arbitrage or hedging, and
- may have a short-term, mid-term or long-term investment horizon, who could bare financial losses exceeding the initially invested capital, and
- do not require capital protection (repayment of the invested capital is not guaranteed), and
- have extensive knowledge and/or experience in derivative financial products.

A value of 2 in the "target market" column in the respective csv-file indicates that respective products could be suitable for retail clients, professional clients and eligible counterparties, who

- pursue a strategy of capital optimization, leverage for the purpose of directional investing, arbitrage or hedging, and
- may have a short-term, mid-term or long-term investment horizon, who could bare financial losses up to the initially invested capital, and
- do not require capital protection (repayment of the invested capital is not guaranteed), and
- have extensive knowledge and/ or experience in derivative financial products.

An overview of target market considerations is attached to this circular as attachment 5. An excerpt csv file, including amongst others the "target market" column forms part of the example zip file attached to this circular as attachment 2.

5. Information on costs

As part of a KID, costs associated with the products covered by the respective KID shall be provided.

Eurex will equip all KIDs with a reference to Eurex Clearing AG's price list, and will further point out that the person, who is selling or advising retail investors about a product covered by Eurex' KIDs, will provide them with an overview of the impact all costs will have on their investment.

6. Next steps

More information, including the link to Eurex website under which KIDs will be available in the future, as well as further information will be published via separate circulars during October 2017.

18 October 2017