הבורסה לניירות ערך תל אביב
TEL AVIV STOCK EXCHANGE

Request for Proposal (RFP) - Market Making in Futures Contracts

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Request for Proposal (RFP) - Market Making in Futures Contracts

The Tel Aviv Stock Exchange (TASE) intends to relaunch futures contracts (hereinafter referred to as the "Futures Contracts") on May 5, 2024.

In conjunction with the relaunch of the Futures Contracts, the TASE intends to launch a market making program for these contracts (hereinafter referred to as the "Program").

The market making scheme developed by the TASE is based, among other things, on information gathered in a Request for Information (RFI) regarding the provision of liquidity in futures contracts in the derivatives market, which the TASE published on May 24, 2022.

The Futures Contracts to which the Program refers are:

TA-35 Index Futures Contracts

TA-90 Index Futures Contracts

TA-Banks5 Index Futures Contracts

US Dollar Futures Contracts

This invitation is intended for entities with experience in providing liquidity in financial products who are interested in participating in the Program (hereinafter referred to as the "Candidate(s)").

A Candidate who wishes to participate in the Program is requested to return the attached Candidate Details Appendix to the TASE by March 25, 2024.

1. Futures Contract Specifications

TA-35 Index Futures Specifications	
Trading Schedule	Trading schedule of the TASE derivatives market
Underlying Asset	TA-35 index
Contract Size	TA-35 Index x 50 NIS
Expiration Dates	Each month
Contract Lifespan	Each month a new series of 3-month futures is listed
Quotations	Index points
Minimum Tick	0.25 points
Final Trading Day	The Wednesday preceding the last Friday of the month
Reference Expiration Price	Calculated according to the opening prices of the index constituents on the final trading day preceding the expiration date (usually Thursday).
Expiration Date	The last Friday of the month
Settlement Method	Daily, cash - Mark to Market.
Position Limits	Delta-based position limits

Daily Fluctuation Limits	None
Trading and Clearing Fee	0.58 NIS

TA-90 Index Futures Specifications	
Trading Schedule	Trading schedule of the TASE derivatives market
Underlying Asset	TA-90 index
Contract Size	TA-90 Index x NIS 50
Expiration Dates	Monthly
Contract Lifespan	Each month a new series of 3-month futures is listed
Quotations	Index points
Minimum Tick	0.25 points
Final Trading Day	The Wednesday preceding the last Friday of the month of expiration
Reference Expiration Price	Calculated according to the opening prices of the index constituents on the final trading day preceding the expiration date (usually Thursday)
Expiration Date	The last Friday of the month of expiration
Settlement Method	Daily, cash - Mark to Market.

Position Limits	Delta-based position limits
Daily Fluctuation Limits	None
Trading and Clearing Fee	1 NIS

TA-Banks5 Index Futures Specifications	
Trading Schedule	Trading schedule of the TASE derivatives market
Underlying Asset	TA-Banks5 index
Contract Size	TA-Banks5 index x NIS 10
Expiration Dates	Monthly
Contract Lifespan	Each month a new series of 3-month futures is listed
Quotations	Index points
Minimum Tick	0.25 points
Final Trading Day	The Wednesday preceding the last Friday of the month of expiration
Reference Expiration Price	Calculated according to the opening prices of the index constituents on the final trading day preceding the expiration date (usually Thursday).

Expiration Date	The last Friday in the month of expiration
Settlement Method	Daily, cash - Mark to Market.
Position Limits	Delta-based position limits
Daily Fluctuation Limits	None
Trading and Clearing Fee	0.6 NIS
Note: The Tel Aviv Stock Exchange (TASE) will cease issuing options on the TA-Banks5 Index, starting in March 2024.	

USD/ILS Futures Specifications	
Trading Schedule	Trading schedule of the TASE derivatives market
Underlying Asset	Exchange rate of the U.S. dollar
Contract Size	Exchange rate of the U.S. dollar x 10,000 U.S. dollars
Expiration Dates	Monthly
Contract Lifespan	In the months of January, February, April, May, July, August, October and November, a new series of 3-month futures contracts is listed. In the months of March, June, September and December, a new series of 6-month contracts is listed; such that at any point of time, 4 futures series are traded concurrently for the coming three months and for the end of the next quarter.

Quotations	NIS
Minimum Tick	NIS 10
Final Trading Day	The Tuesday preceding the last Wednesday of the month
Reference Expiration Price	The last exchange rate for the dollar published by the Bank of Israel prior to the expiration date, on the condition that trading takes place on TASE
Expiration Date	Last Wednesday of the month
Settlement Method	Daily, cash - Mark to Market.
Position Limits	Delta-based position limits
Daily Fluctuation Limits	None
Trading and Clearing Fee	Until December 31, 2024: 0.5 NIS From January 1, 2025: 1 NIS
Note: The Tel Aviv Stock Exchange (TASE) will cease issuing options on the USD/ILS, starting in March 2024.	

A complete description of the terms of futures appears in the Derivatives Profile.

The provisions governing the margin system for futures trading appear in the Derivatives Bylaws.

2. Market Making Scheme

Quoted series

A market maker in futures contracts on the TA-35, TA-Banks5 and TA-90 indices will be required to submit market making quotes to the exchange in the 2 monthly series with the closest expiration dates.

A market maker in futures contracts on the USD/ILS exchange rate will be required to submit market making quotes to the exchange in the 3 monthly series with the closest expiration dates.

Quote minimums

Futures contract series	TA-35 Index	TA-90 Index	TA-Banks5 Index	USD/ILS
Monthly with the closest expiration date ("Monthly 1")	10	10	25	30
Monthly with the next closest expiration date following the expiration of Monthly 1 ("Monthly 2")	10	10	25	30
Monthly with the next closest expiration date following the expiration of	-	-	-	30

Monthly 2 ("Monthly 3")				

Maximum quote spread (percentage)

Futures contract series	TA-35 Index	TA-90 Index	TA-Banks5 Index	USD/ILS
Monthly 1	0.1%	0.1%	0.1%	0.1%
Monthly 2	0.1%	0.1%	0.1%	0.1%
Monthly 3				0.1%

Scope of coverage

A market maker will be exempt from submitting market making orders for 100 minutes (on a cumulative basis) on each trading day [1].

The exchange may exempt a market maker that is a corporation incorporated outside of Israel from market making obligations on Sundays, in exchange for a 20% reduction in the monthly remuneration.

Exemption from quote obligations

Please refer to Section 3 of Chapter 12 of the Directives under the Third Part of the Rules of the Tel Aviv Stock Exchange (TASE).

Please note that according to this section, a market maker in futures contracts on the dollar exchange rate is exempt from market making on trading days when there is no dollar trading.

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[1] On the interim days (Chol HaMoed) of the Passover (Pesach) and Feast of the Tabernacles (Succoth) holidays – 60 minutes. Similar coverage requirements currently apply to market makers in the securities market as well.

3. Remuneration for Market Making

Fixed Monthly Fee

A fixed fee as agreed between the TASE and the market maker, for each underlying asset that the market maker chooses to make a market in (candidates are requested to fill in the appendix the fixed amount required by them for each of the underlying assets).

Reimbursement of Trading and Clearing Fees

The fee reimbursement will be made on a monthly basis. Only transactions in which the market maker was a "Maker" will be reimbursed for fees. No commission will be refunded for pre negotiated trades and block trades.

OTR Benefit

Market makers in futures contracts will be given preferential OTR ratios:

Security Group	Maximum OTR Ratio	FLOOR	Maximum OTR Ratio	FLOOR
TA-35	3,000	200	40,000	2,000
TA-90	3,000	200	40,000	2,000
TA Banks-5	3,000	200	40,000	2,000
USD/ILS	3,000	200	40,000	2,000

Open Position Limit Benefit

Market makers in futures contracts will be able to combine index baskets and dollar cash baskets in calculating their compliance with the open position limit, up to the open position limit.

4. Miscellaneous

Penalties

The TASE intends to set various penalties that will apply to market makers who do not meet their obligations, including deduction of remuneration or part thereof and cancellation of the appointment to act as a market maker.

Program Period

Futures contracts on the TA-35 Index, TA-90 Index and TA-Banks5 Index – One year from the launch date of the contracts.

Futures contracts on the USD/ILS exchange rate – Until December 31, 2024.

5. Submission of Proposals

Proposals must be submitted by completing the attached appendix and submitting it to the Trading, Derivatives and Indices Department at the following address: tradingmethods@tase.co.il, no later than March 25, 2024.

The TASE undertakes not to disclose any information concerning the candidates to any third party.

6. General Terms and Conditions

a) This request for proposals (hereinafter referred to in this section as the "Request") does not constitute an offer, and the submission of a proposal to the TASE will not constitute acceptance. The request for proposals is not subject to the tender laws and does not constitute an invitation to submit proposals in a tender.

b) The TASE reserves the right to negotiate, at any stage, at its discretion, with all or some of the bidders.

c) This request does not obligate the TASE to enter into a contract with a specific bidder and/or to create any obligation and/or representation whatsoever towards the bidders, and the TASE shall be entitled to make any decision whatsoever in connection with the request and the selection of the bidder who will provide it with the services, without giving any reasons whatsoever and at its sole discretion, and without

the bidders who were not selected by it having any claim and/or demand and/or lawsuit in connection therewith.

d) Without derogating from the generality of the foregoing, the TASE does not undertake to accept the lowest bid, part of a bid or any bid whatsoever. The TASE may accept part or all of a bid, all at its sole discretion.

e) The TASE may, but is not obligated to, qualify a bid even if it does not meet certain formal or technical requirements.

f) The TASE shall be entitled to approach all or some of the bidders and request them to provide clarifications on the details of the bid and any additional information if, in its opinion, it may assist it in making decisions. Such requests shall not obligate the TASE to enter into a contract with a specific bidder and/or to create any obligation whatsoever with the bidder to whom the TASE approached for clarifications.

g) The TASE reserves the right to make changes or amendments to the Request at any time.

h) All expenses incurred in submitting the response shall be borne by the candidate only, and in no case shall the candidate be entitled to a refund and/or any compensation and/or indemnification for expenses and/or damages caused to him in connection with the response and/or the preparation and submission of the response.

i) The program and the characteristics of the futures contracts, described above, are subject to the approval of the TASE Board of Directors.

j) A candidate whose participation in the program is approved by the TASE will be required to sign the application forms to act as a market maker, as detailed in the appendices to the instructions according to the third part of the TASE regulations, according to which the candidate undertakes to comply with the obligations of a market maker, as determined in accordance with the TASE regulations.

k) For any questions, please contact the Trading, Derivatives and Indices Department at: +97276-8160356, or by email: tradingmethods@tase.co.il.

Annex

A. General Questions

1. General information

Name of respondent	
Type of entity	
Contact person	
Telephone	
E-mail	

2. Experience

Specialization	
Professional certification and licenses	
Number of employees	

3. Experience in liquidity provision in financial instruments in the past five years.
   Specify the markets and period of time you operated in each, including platforms used and type of activity.

B. Requested Renumeration (Fixed Monthly Fee)

The fixed monthly fee we are asking to receive (please refer only to the underlying assets in which the candidate intends to act as a market maker).

The price quote in NIS for one year for the TA-35 index:

.₪ _____

The price quote in NIS for one year for the TA-90 index:

.₪ _____

The TA-Banks5 index:

.₪ _____

The USD/ILS exchange rate:

.₪ _____

Comments: