X-pand into the Future

e u r e x *circular 026/01*

Date: Frankfurt, 06 April, 2001
Recipients: All Eurex members and vendors
Authorized by: Jürg Spillmann

⚠ **Action Required** ⚠ **High Priority**

Introduction of French Equity Options on Orange S.A.

Related Eurex Circulars: 009/00, 091/00

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Content may be most important for:

➲ All Departments

Attachments:

1. Contract Specifications – French Stock Options and LEPOs
2. Market Maker Obligations
3. Market Maker Application – Options
4. Fax Reply "Underlying Price Data"

Summary:

Eurex will introduce equity options, including LEPOs, on the stock of Orange S.A. from **23 April, 2001**. The specification of the new options will conform to the normal concept for French stock options at Eurex. The introduction will take place provided that at least three market makers have agreed to the quotation obligations.

The circular contains important information under the following headings:

1. Product and Product Parameters
2. Trading Phases for French Stock Options
3. Market Making
4. Data Vendor Codes
5. Transaction limits, OTC Minimum Block Trade Size, Minimum Size for Cross- and Pre-arranged Trades, Trading Calendar and Transaction Fees
6. Preparation for Start of Trading

Important: If you intend to trade options in Orange S.A. and have not yet signed and returned the declaration recognizing the Eurex procedures for underlying prices of Dutch, Italian and French stock options, please use the attached fax reply (Attachment 4).

Introduction of French Equity Options on Orange S.A.

On 04 April, 2001 the Management Boards of Eurex Deutschland and Eurex Zürich made the decision to introduce equity options, including LEPOs, on the stock of Orange S.A. on Eurex from **23 April, 2001**. The specification of the new options will conform to the normal concept for French stock options at Eurex (Attachment 1).

The introduction will take place provided that at least three market makers have agreed to the quotation obligations (Attachment 2).

1. Product and Product Parameters

The planned introduction date for options on Orange S.A. is Monday, **23 April, 2001**. On that date, expirations of May, June, July, September, and December, 2001 will be introduced.

Stock option	Eurex Code	WKN	ISIN	Position Limit	Market Maker Position limit	Margin interval
Orange S.A.	OAG	607920	FR0000079196	180.100	540.300	14 %

2. Trading Phases for French Stock Options

Pre-Trading	Trading	Post-Trading	Exercise
07.30 – 09.30 CET	09.30 – 17.35 CET	17.35 – 18.30 CET	09.30 – 18.30 CET

3. Market Making

Market making will follow the normal market making scheme for options at Eurex with the quote obligations as defined in Attachment 2. If you are interested in fulfilling the market maker function for this stock option, please complete and return the Market Maker Application form (Attachment 3) before 12 April, 2001 for the attention of **Ms. Kilian, on Fax. +49-69-2101-3802**.

4. Data Vendor Codes

The data vendor codes will be published on our web-site “www.eurexchange.com” under the path ‘ market place > products > vendor codes’.

5. Transaction limits, OTC Minimum Block Trade Size, Minimum Size for Cross- and Pre-arranged Trades, Trading Calendar and Transaction Fees

The same values which currently relate to the existing French stock options will apply, as appropriate.

6. Preparation for Start of Trading

- On 19 April, 2001 (Thursday) the option on Orange S.A. as well as the associated Margin Class will be set up in the Eurex system. Corresponding back-office transactions will be transmitted electronically.
- On 20 April, 2001 (Friday) after close of trading, settlement prices for all tradable contract months of the option on Orange S.A. will be transmitted with a value of 0.10 points. In addition, transactions for the PMI file will be generated. Within the scope of the end of day processing, theoretical prices will be transmitted for the options on Orange S.A. after 21.00 CET. These prices should be ignored.

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Management Board:
Rudolf Ferscha, Jürg Spillmann,
Thomas Lenz, Michael Widmer
Daniel Gisler

- Trading in Orange options will start on Monday 23 April, 2001. Orders and quotes may be entered into the Eurex system from 07.30 CET onwards.

Important: If you intend to trade options in Orange S.A. and have not yet signed and returned the declaration recognizing the Eurex procedures for underlying prices of Dutch, Italian and French stock options, please use the attached fax reply (Attachment 4).

Frankfurt, 06 April, 2001

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Contract Specifications for:

Stock Options on
French Shares
(OSTK)

Contract Size

Generally, an options contract gives the buyer of a call the right to buy - or, in the case of a put, the right to sell - 100 shares of the underlying security.

Minimum Price Movement

Options prices have price gradations of EUR 0.01.

Delivery

Physical delivery of 100 shares of the underlying security.

Delivery Day

Three exchange trading days after the exercise (T+3).

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday.

Daily Settlement Price

The last-paid price of the trading day; or, if the last-paid price is older than 15 minutes or does not reasonably reflect actual market conditions, then Eurex will establish the official settlement price.

Exercise Period

American style, i.e. an option can be exercised up to 6:30 p.m. CET on any exchange trading day during the life of the option.

Expiration Months

The three nearest calendar months, as well as the following two months within the cycle March, June, September and December thereafter (i.e. up to a maximum of 9 months).

Exercise Prices

Options series may have the following exercise prices:

Exercise price in EUR	Exercise price gradation in EUR
0 - 5	
5.50 - 10	0.50
11 – 20	1.00
22 – 50	2.00
52.50 – 100*	2.50
55 – 200	5.00
>200	20.00

* only for the first and second expiration date in the at the money area

Optionable Stocks

The following Eurex equity options on French stocks are tradable at Eurex:

Aventis	AVE
AXA-UAP	AXA
BNP Paribas	BNP
Carrefour	CAR
France Telecom	FTE
L'Oréal	LOR
Orange	OAG
Total Fina	TOTB
Vivendi	VVU

Trading hours (CET)

9:30 a.m. until 5.35 p.m. CET.

Option Premium

Payable in full on the exchange trading day immediately following the buy date.

Low Exercise Price Options (LEPO) on French Shares

Underlying Shares with LEPO Contracts

Aventis	AVE
AXA-UAP	AXA
BNP Paribas	BNP
Carrefour	CAR
France Telecom	FTE
L'Oréal	LOR
Orange	OAG
Total Fina	TOTB
Vivendi	VVU

Contract Size

The contract is generally based on 100 shares of the underlying security.

Minimum Price Movement

Option prices have price gradations of EUR 0.01.

Delivery

Physical delivery of 100 shares of the underlying security.

Delivery Date

Three exchange days after exercise (T+3).

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday.

Daily Settlement Price

EUR 1 below the last paid price of the underlying security.

Exercise Period

American style, i.e. an option can be exercised up to 6:30 p.m. CET on any exchange trading day during the life of the option.

Expiration Months

The two nearest months within the cycle March, June, September and December.

Exercise Price

All LEPO contracts have an exercise price of EUR 1.

Trading hours

9:00 a.m. to 5:35 p.m. CET.

Option Premium

Payable in full on the first exchange trading day immediately following the trade date.

Market Maker Quote Obligations

French Equity Options Quote Obligations

Minimum Size: 20 contracts on the bid and ask side in all option series

Maximum Spread:

Equity Options quoted in EUR

Class I		Class II		Class III	
Bid up to	***Spread***	***Bid up to***	***Spread***	***Bid up to***	***Spread***
0 – 2.00	0.40	0 – 5.00	1.00	0 – 10.00	2.00
> 2.00 – 15.00	20 %	> 5.00 – 30.00	20%	> 10 – 50.00	20 %
> 15.00	3.00	> 30.00	6.00	> 50.00	10.00

Response to quote requests: At least 50 % of all Quote Requests have to be answered (up to a max. of 150 quote requests per day)

- within 5 minutes
- with a minimum holding time of 10 seconds

Market Maker Fees See Price List

Fast Market In the Fast Market state, the maximum spreads will increase by 50 % and the minimum quote size will be reduced by 50%

Market Maker Quote Spreads - Classification of French Equity Options

Class I		Class II	
French Equity Options	**Product ID**	**French Equity Options**	**Product ID**
Aventis	AVE	AXA	AXA
BNP Paribas	BNP	Total Fina	TTOB
Carrefour	CAR		
France Telecom	FTE		
Vivendi	VVU		
L'Oréal	LOR		
Orange S.A.	OAG		

Application for the Granting of Market Maker Licenses at Eurex



Eurex

Product Development

60485 Frankfurt

(Fax: ++49 69 2101-4461)

Applicant

Name of applying exchange participant

Address

Name of contact

Phone No. Fax No.

Application for the Granting of Market Maker Licenses pursuant to Subsection 3.3 of the Eurex Exchange Rules

I. We herewith apply for admission as Market Maker pursuant to Subsection 3.3 of the Eurex Exchange Rules.

Provided that the applying company is admitted as exchange participant at Eurex Zürich, this application applies to Eurex Zürich as well.

The granting of a Market Maker License is applied for regarding the trading in Option contracts

on equities with the following underlying(s):

☐ AAR (ABN Amro)	☐ CBK (Commerzbank)	☐ EPC (Epcos)	☐ LONN (Lonza)
☐ ABBN (ABB)	☐ CFR (Richemont)	☐ ETV (EM. TV & Merchand.)	☐ LOR (L'Oréal)
☐ ADEN (Adecco)	☐ CIBN (Ciba Spezialitäten)	☐ FME (Fresenius Med.Care)	☐ MAN (MAN)
☐ ADS (Adidas)	☐ CLN (Clariant)	☐ FTE (France Telecom)	☐ MEO (Metro)
☐ AEN (Aegon)	☐ CSGN (Credit Suisse Gr.)	☐ GIVN (Givaudan)	☐ MLP3 (MLP Vz.)
☐ AHO (Ahold)	☐ CSO (Consors)	☐ HEN3 (Henkel VZ)	☐ MOB (Mobilcom)
☐ ALV (Allianz)	☐ DBK (Deutsche Bank)	☐ HOL (Holderbank)	☐ MUV2 (Münchner Rück.)
☐ ASG (Generali)	☐ DCX (Daimler Chrysler)	☐ HVM (Bayer.Hypo-.Vereinsb.)	☐ NESN (Nestlé)
☐ AVE (Aventis)	☐ DGX (Degussa AG)	☐ IFX (Infineon Technologies)	☐ NOA3 (Nokia Corporation A)
☐ AXA (AXA-UAP)	☐ DPW (Deutsche Post)	☐ INN (ING)	☐ NOVN (Novartis)
☐ BAER (Julius Bär)	☐ DRB (Dresdner Bank)	☐ ISH (Intershop Comm.)	☐ **OAG (Orange)**
☐ BAS (BASF)	☐ DTE (Deutsche Telekom)	☐ KAR (Karstadt)	☐ PHI1 (Philips St.)
☐ BAY (Bayer)	☐ EIA (Elisa Communications)	☐ KPN (KPN)	☐ PRS (Preussag)
☐ BMW (BMW)	☐ ENT (ENI)	☐ KUD (Kudelski)	☐ RAN (Rentenanstalt)
☐ BNP (BNP Paribas)	☐ ENUR (StoraEnso R)	☐ LHA (Lufthansa)	☐ ROG (Roche Holding)
☐ CAR (Carrefour)	☐ EOA (E.ON)	☐ LIN (Linde)	☐ ROY (Royal Dutch)

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☐ RPL (UPM-Kymmene Corp.)	☐ SEO (Serono)	☐ SYNN (Syngenta)	☐ UHRN (The Swatch Group)
☐ RUKN (Schweiz. Rückv.)	☐ SET (Tele. Italia Basket)	☐ TKA (Thyssen Krupp)	☐ UNAX (Unaxis)
☐ RWE (RWE)	☐ SIE (Siemens)	☐ TOI (T-Online)	☐ UNI (Unilever)
☐ SAP3 (SAP VZ.)	☐ SOY (Sonera Corporation)	☐ TOTB (Total Fina)	☐ VOW (Volkswagen)
☐ SCH (Schering)	☐ SRN (Sair Group)	☐ TTEB (TietoEnator Corp.)	☐ VVU (Vivendi)
☐ SCMN (Swisscom)	☐ SUN (Sulzer)	☐ UBSN (UBS)	☐ ZURN (Zurich Allied)

☐ ODAX
Option contracts on the German Stock Index (DAX®)

☐ OFOX
Option contracts on the Finnish Stock Index (FOX®)

☐ ON50
Option contracts on Nemax® 50

☐ OEU3
Option contracts on the Three-Month Euribor Future

☐ OSMI
Option contracts on the Swiss Market Index (SMI®)

☐ OGBL
Option contracts on Euro-BUND Futures

☐ OGBM
Option contracts on Euro-BOBL Futures

☐ OGBS
Option contracts on Euro-Schatz Futures

☐ OSTX
Option contracts on the Dow Jones STOXX 50

☐ OESX
Option contracts on the Dow Jones Euro STOXX 50

☐ OGTI
Option contracts on the Dow Jones Global Titans™ Index

II. The functions associated with such Market Maker Licenses will be carried out by the following persons who have already been admitted for trading at Eurex:

Name, first name	Product to be covered
Name, first name	Product to be covered
Name, first name	Product to be covered

We herewith declare that the persons listed above have the necessary professional and personal qualification to fulfil the Market Maker functions pursuant to Subsection 3.3 of the Eurex Exchange Rules.

III. We confirm that we know the Eurex Rules and Regulations and declare that we will comply with these provisions in their relevant current version.

Place and Date	Company Stamp and authorized Signature

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Attachment 4 to Eurex Circular 026/01

Before trading Eurex options on Dutch, Italian, and French equities it is prerequisite for you to sign and return this form.
Please send it back to Eurex to Mr. David Parr, Member Readiness Fax: +49 (0)69 2101 1701.

Underlying Price Data Feed for Dutch, Italian, and French Equity Options on Eurex

We confirm that we have taken notice and that we acknowledge by signing this form that Eurex will not publish the underlying prices from the respective home exchange for the Dutch, Italian and French equity options in the Eurex system (e.g. in the 'underlying' zone of the C100 Screen). The price source for publication of underlying prices for these equity options is the FWB (Frankfurt Stock Exchange).

We are aware that these prices are only relevant for the price validation for block trades and understand that all Eurex option price calculations such as settlement prices or mis-trade reference prices will be based on the prices of the respective home exchange. This fact was published in the Eurex circular 009/00.

We are conscious of the fact that this procedure is different from the procedure for the existing German, Swiss, and Finnish equity options on Eurex.

We accept and acknowledge by signing and returning this form that being aware of the above-acknowledged facts is an absolute prerequisite for trading the above-mentioned equity options.

Date: _____

Company: _____

Member ID ___ ___ ___ ___ ___

Name and Signature: _____

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