Deutsche Börse

To the
Members of the DTB
Deutsche Terminbörse

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Switchover of DTB Interest-Rate Products to Euro - Changes in Trading Regulations
Circular No.: 27/98 06/09/1998

Dear Sir or Madam,

The market participants on the respective committees have suggested adopting parallel listings for the switchover of DTB interest rate products to a denomination in euro. In other words, parallel to the existing DM contracts, products denominated in euro will be introduced on DTB, traded and settled separately.

As of a specific point in 1998, no new series will be issued for existing DM contracts. The discontinuation of the contracts is essentially a de-listing and calls for the respective regulations in the trading rules to be eliminated completely once the last contract of the corresponding product expires.

The respective de-listing procedure for the DM products are staggered differently over time and are devised as follows:

BUND, BOBL and Schatz Futures:

The last tradable series for these DM contracts will be the March 1999 expiry month, the last trading day for which is March 8, 1999. This means that as of September 8, 1998 no new series will be introduced for these products.

General Manager:
Dr. Werner G. Seifert
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Options on the BUND, BOBL and Schatz Futures:

The last tradable quarterly maturity for these DM contracts will be the March 1999 expiry month, the last day of trading for which is February 19, 1999. This means that as of November 23, 1998 no further quarterly maturities will be introduced for these contracts. The last expiry date for the serials is therefore the January 1999 maturity, the last day of trading for which is December 21, 1998. As a consequence, on October 23, 1998 no further serial expiry dates will be introduced for this product.

One-Month Euromark Future (LIB1):

The last tradable series for these DM contracts will be the December 1998 expiry month, the last day of trading in which is December 14, 1998. Therefore, as of July 13, 1998 no further series in this product will be issued.

Three-Month Euromark Future (LIB3):

The last tradable quarterly maturity for these DM contracts is the March 2001 expiry month, the last day of trading in which is March 19, 2001. In other words, as of June 15, 1998 no further quarterly expiry months will be introduced for this product. The last serial expiry month will therefore be the December 1998 maturity, last day of trading in which is December 14, 1998. As of October 19, 1998 no further serial expiry dates will thus be issued for this product.

Option on the Three-Month Euromark Future (EUMO):

The final tradable series for this DM contracts will be the March 1999 expiry month, last day of trading in which will be March 15, 1999. As of June 15, 1998 no further maturities will therefore be introduced for this product.

Parallel to the DM interest rate products which are traded on DTB, as of a point in time that still has to be set (3rd or 4th quarter, 1998) interest rate contracts based in euro will be launched on DTB; they will be traded and settled parallel to the DM-denominated products still available.

As the plan is to introduce these products in 1998, and thus prior to the launch of the euro itself, they will initially be denominated in ECU. No delivery of ECU products is foreseen for 1998 as the first expiry date

would without exception be in 1999 and thus after the euro has arrived. The switchover to euro will take place on a 1-to-1 basis on January 1, 1999.

The introduction of interest rate products denominated in ECU/euro entails the launch of a new product and a future Circular will familiarize you with all the details.

As of January 1, 1999, the variation margin for each participant will continue to be calculated in deutschmarks for outstanding DM products. The sum total to be booked per participant will then be converted into euro using the conversion factor defined.

Owing to the decision by the Federal Republic of Germany to switch its bonds outstanding at the beginning of Stage 3 of EMU over to euro, the DTB capital market futures (BUND-, BOBL- und Schatz-Future) based in deutschmarks need to be adjusted as regards delivery. To this end, the contract specifications for the DM capital market futures have been changed to allow for delivery in 1999 with federal bonds denominated in euro (see enclosure 1). However, delivery will not be conducted through the DTB system but instead will be effected manually. The details will be announced in due time.

The General Management and Exchange Council of DTB have approved these changes to the Rules and Regulations.

Should you have any questions, please do not hesitate to contact Peter Sack (+49-69-21 01-53 16) or Richard Heizmann (+49-69-21 01-54 71).

Yours faithfully

Jörg Franke Ralf Dreyer

2 Part

Contract Specifications

2.1 Subpart

Contract Specifications for Futures Contracts

2.1.1 Sub-Subpart

Specifications for Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Long-Term Bund Futures)

2.1.1.5 **European Economic and Monetary Union**

If the Federal Republic of Germany participates in Stage 3 of the European Economic and Monetary Union (EMU) on January 1, 1999 or later, the delivery pursuant to subsection 2.1.2.1 paragraph (2) of all series of the long-term Bund futures whose last trading day is on a date after the initiation of participation by the Federal Republic of Germany in EMU shall be made with effect from such date with the respective Euro value instead of the nominal value of the contract.

2.1.2 Sub-Subpart

Specifications for Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Medium-Term Bund Futures)

2.1.2.5 European Economic and Monetary Union

If the Federal Republic of Germany participates in Stage 3 of the European Economic and Monetary Union (EMU) on January 1, 1999 or later, the delivery pursuant to subsection 2.1.2.1 paragraph (2) of all series of the medium-term Bund futures whose last trading day is on a date after the initiation of participation by the Federal Republic of Germany in EMU shall be made with effect from such date with the respective Euro value instead of the nominal value of the contract.

2.1.8 Sub-Subpart

Specifications for Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany or the Treuhandanstalt (Short-Term Schatz Futures)

2.1.8.5 European Economic and Monetary Union

If the Federal Republic of Germany participates in Stage 3 of the European Economic and Monetary Union (EMU) on January 1, 1999 or later, the delivery pursuant to subsection 2.1.2.1 paragraph (2) of all series of the short-term Schatz futures whose last trading day is on a date after the initiation of participation by the Federal Republic of Germany in EMU shall be made with effect from such date with the respective Euro value instead of the nominal value of the contract.