e u r e x *circular 22/99*

To: All Eurex members and vendors

Date: Frankfurt, 18th March 1999

1. Options Contracts on the Dow Jones Euro Stoxx 50 and the Dow Jones STOXX 50: New Definition of Maximum Quote Spreads, and Associated Adjustment to the Implementation Regulations for the Handling of Erroneous Entries

2. Modification to the Implementation Regulations for the Handling of Erroneous Entries for the SMI Future

Dear Sir or Madam,

Based on the recommendation of the Eurex Working Group – Stocks/Index Products, and dependent on the approval of the relevant Eurex committees, the Eurex Executive Boards have made the decision to redefine the Maximum Spreads for options contracts on the Dow Jones Euro STOXX 50 (OESX) and the Dow Jones STOXX 50 (OSTX) as specified below, as well as to adapt the Implementation Regulations for the Handling of Erroneous Entries (see attachment).

Product	**Current Regulation**		**Regulation from 22nd March 1999**	
OESX **OSTX**	**Bid up to**	**Spread**	**Bid up to**	**Spread**
	6.6 66.6 9999.8	1 Point* 15% 10 Points	13.3 133.3 9999.8	2 Points 15% 20 Points
		* 2 points in the last 5 Trading Days before Expiry		

The minimum quote quantity has been defined as 20 contracts.

The Eurex boards have also decided to update the Implementation Regulations for the Handling of Erroneous Entries for the SMI Future, to reflect the current market situation. The current parameter for establishment of a significant deviation from the reference price (5% of the Margin) will be raised to 20% of the Margin as from 22nd March, 1999. This will result in a harmonisation for all Futures on Stock Indices traded at Eurex.

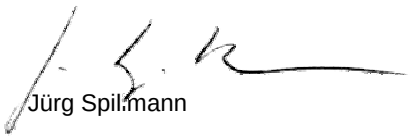
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If you have any questions, our Help-desk - Index Products on +49-(0)69-2101-1220 will be pleased to assist you.

Yours sincerely,



Jürg Spillmann



Hartmut Klein

Attachment

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Implementation Regulations for the Handling of Erroneous Entries (Fehleingaben)

1.1 Pursuant to Subsection 1.2.5 Paragraph (2) of the Conditions for Trading at Eurex Deutschland and Eurex Zürich

1.1.1 Scope of Application

The following Implementation Regulations under subsection 1.2.5 paragraph (2) of the Conditions for Trading (Handelsbedingungen) relate to erroneous entries in the trading of options contracts on stocks and stock indices.

1.1.2 Conditions

The Management Boards of the Eurex Exchanges shall cancel a transaction in order to ensure orderly and fair market conditions if

a. the price of the transaction effected by the erroneous entry deviates significantly from the market price -- hereinafter referred to as the "Reference Price" -- and

b. the Exchange Participant which entered the erroneous entry asserts to the Eurex Exchanges without delay that it mistakenly entered the order or quote incorrectly into the System of the Eurex Exchanges.

The assertion of any further rights shall remain unaffected.

In order to determine if the price of the transaction deviates significantly from the Reference Price, such prices shall be set in proportion to one another in accordance with the following provisions:

The Reference Price shall generally be established as the average of the prices of the transaction effected immediately before and the transaction effected immediately following the erroneous entry. If only one of these prices is available, such price shall be used as the Reference Price.

If a Reference Price cannot be determined pursuant to the foregoing provision or if the Reference Price so determined does not correspond to fair market conditions, the Eurex Exchanges, with the assistance of the option price model (Optionspreismodell) employed by them, shall determine a "theoretically fair" price and use such price as the Reference Price. Alternatively, the Eurex Exchanges shall select, from among the group of Exchange Participants admitted to trading on the Eurex Exchanges which do not have an interest in the transaction, three competent individuals (chief traders), each of whom shall calculate a market price for the option series concerned; the average of the prices determined by these three individuals shall then be the Reference Price.

In determining whether the price of the transaction deviates significantly from the Reference Price, a distinction shall be made in the following manner between options contracts on stocks in German joint stock corporations (German stock options) or on German stock indices as well as the Dow Jones

STOXX 50 Index and the Dow Jones EURO STOXX 50 Index and options contracts on stocks in Swiss joint stock corporations (Swiss stock options) or on Swiss stock indices:

A significant deviation of the price of the transaction from the Reference Price in the case of options contracts on stocks in German joint stock corporations (German stock options) or on German stock indices or in the case of options contracts on the Dow Jones STOXX 50 Index as well as on the Dow Jones EURO STOXX 50 Index is to be presumed when the amount of the deviation

- exceeds 10 EUR [1] or 20 points [2] or
- if not in excess of 10 EUR [1] or 20 points [2] equals 20 per cent of the Reference Price but at least 3 EUR [1] or 3 points [2]. [3]

[1] Options on stocks in German joint stock corporations. For options on stocks in German joint stock corporations with a nominal amount or a calculated value of 5 DM or the respective value in EUR multiplied with factor 0.1.

[2] Options on German stock indices and options on the Dow Jones STOXX 50 Index as well as on the Dow Jones EURO STOXX 50 Index.

[3] This shall not apply to options the underlying security of which are Allianz AG stocks: a significant deviation of the price of the transaction from the Reference Price in the case of options contracts on Allianz AG stocks is only given when the deviation exceeds the amount of 2 EUR.

A significant deviation of the price of the transaction from the Reference Price in the case of options contracts on stocks in Swiss joint stock corporations (Swiss stock options) or on Swiss stock indices is to be presumed when:

- the deviation exceeds an amount of 37.50 CHF [1] or 37.50 points [2] or
- if not in excess of 37.50 CHF [1] or 37.50 points [2] equals 15 per cent of the Reference Price and is at least 4.50 CHF [1] or 4.50 points [2]. [3]

[1] Options on stocks in Swiss joint stock corporations.

[2] Options on Swiss stock indices.

[3] This shall not apply to options the underlying security of which are Roche Holding AG stocks: a significant deviation of the price of the transaction from the Reference Price in the case of options contracts on Roche Holding AG stocks is only given when

- the deviation exceeds the amount of 75.00 CHF or
- if not in excess of 75.00 CHF equals 15 per cent of the Reference Price and is at least 7.5 CHF.

The foregoing provision for determining a significant deviation from the Reference Price in the case of transactions pertaining to options contracts on Swiss stocks (Swiss stock options) or Swiss stock indices shall not apply to Low Exercise Price Options on Swiss stocks (LEPO). In the case of LEPO

transactions, a significant deviation in the price of a transaction from the Reference Price is to be presumed when the deviation

- exceeds 0.75 per cent of the Reference Price and is at least 3.00 CHF. [1)]

[1)] This shall not apply to options for which the underlying security is Rentenanstalt: a significant deviation of the price of the transaction from the Reference Price is only given when the deviation

- exceeds 1.5 per cent of the Reference Price and is at least 3.00 CHF.

~~A significant deviation of the price of the transaction from the Reference Price in the case of options contracts on the Dow Jones STOXX 50 Index as well as the Dow Jones EURO STOXX 50 Index is to be presumed when:~~

~~a. its term is within the first five expiration months and the amount of the deviation~~

~~- exceeds 10 points or~~

~~- if not in excess of 10 points equals 20 per cent of the Reference Price but at least 3 points.~~

~~b. its term starts after the first five expiration months and the amount of the deviation~~

~~- exceeds 15 points or~~

~~- if not in excess of 15 points equals 20 per cent of the Reference Price but at least 3 points.~~

The provisions of subsection 1.1.2 shall apply *mutatis mutandis* to a combination order pursuant to subsection 1.3.1 paragraph (1) item c of the Conditions for Trading at Eurex Deutschland and Eurex Zürich that has been mistakenly entered into the System of the Eurex Exchanges incorrectly and has been matched with two limit orders (subsection 1.3.1 paragraph (1) item b of the Conditions for Trading at Eurex Deutschland and Eurex Zürich). However, in respect of the two resulting transactions, whether the price of one of the transactions or of both the transactions deviates significantly from the market price ('Reference Price ') is to be determined separately. If the price of only one of the two transactions deviates significantly from the market price ('Reference Price ') within the meaning of the foregoing provisions, only such transaction shall be canceled. The remaining transaction, the price whereof corresponds to the market price ('Reference Price '), shall not be canceled.

The Implementation Regulations for the Handling of Erroneous Entries set forth in subsection 1.3 shall apply to a combination order pursuant to subsection 1.3.1 paragraph (1) item c of the Conditions for Trading at Eurex Deutschland and Eurex Zürich that has been mistakenly entered into the System of the Eurex Exchanges incorrectly and has been matched with a combination order.

Additions are marked by underlining, deletions are marked by strikethrough.