X-pand into the Future

e u r e x *circular 021/02*

Date: Frankfurt, 19 February, 2002
Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

⚠ **High Priority**

1. Adjustment of Equity Options on Swisscom (SCMN) due to the Share Buy-back Program
2. Increase in Synchronous Transaction Limits for the 3-month Euribor Future (FEU3)

Related Eurex Circulars: 118/01 (Topic 2)

Contact: 1. Functional Help-desk Equity Products: Tel. +49 69-2101-1210
2. Michael Durica (Product Development): Tel. +49 69-2101-5923

Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Coordination	Eurex Daily Transaction Limit Overview – as of 18 February, 2002

Summary:

1. Adjustment of Equity Options on Swisscom (SCMN) due to the Share Buy-back Program

The company Swisscom (SCMN) has taken the decision to undertake a share buy-back program through a put option structure.

The decision to adjust existing Swisscom option series at Eurex has already been announced via the "Market Supervision Messages" window. The circular contains a description of the adjustment procedure as well as the foreseen time-scales.

2. Increase in Synchronous Transaction Limit for the 3-month Euribor Future (FEU3)

With effect from 18 February, 2002 the Management Boards of Eurex Deutschland and Eurex Zürich have raised the daily synchronous transaction limit for the 3-month Euribor Future from 8,000 to 12,000.

Eurex Deutschland
D-60485 Frankfurt am Main
www.eurexchange.com

Functional Member Readiness
Tel. +49-69-2101-1700
Fax +49-69-2101-1701

Alternative
Tel. +49-69-9770-1700
Fax +49-69-9770-1701

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

1. Adjustment of Equity Options on Swisscom (SCMN) due to the Share Buy-back Program
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1. Adjustment of Equity Options on Swisscom (SCMN) due to the Share Buy-back Program

On 13 February, 2002 Swisscom announced a share buy-back with a size of up to CHF 4.3 billion, with the aim of acquiring up to ten percent of the outstanding shares. For the share buy-back, Swisscom has chosen a structure based on put options. Shareholders will be allocated one free put option per share. For every ten put options, shareholders will be entitled to sell one Swisscom share at the strike price of CHF 580.00. The put options will also be traded on the Swiss stock exchange SWX between 22 February, and 07 March, 2002. Shareholders can therefore acquire additional put options in the market, or dispose of the put options they have. Payment of the strike price against delivery of the shares will take place on 14 March, 2002.

Eurex has already announced, via the Market Supervision Messages window, that existing series of Eurex options on Swisscom would be adjusted in accordance with section 2.2.15.7 (4) of the Conditions for Trading at Eurex Deutschland and Eurex Zürich.

The procedure will be as follows:

The adjustment will take effect on 22 February, 2002 (first trading day of the put options at SWX). The basis for the adjustment will be the closing price of Swisscom shares on the day before the first trading day of the put options (21 February, 2002). Then, the value of the put option will be established by Eurex and the closing price of the shares will be reduced by this amount. The resulting price will serve to establish the adjustment factor (R-factor).

S1 = Closing price of Swisscom shares
S2 = S1 minus the value of the put option
R-factor = S2/S1

The exercise prices of Swisscom options at Eurex will be adjusted through multiplication by the R-factor. Thereby, the contract value will remain the same, and there will be an adjustment to the contract size.

C1 = Old contract size
C2 = New contract size
X1 = Old exercise price
X2 = New exercise price

C2 = (C1 * X1) / X2

The exercise prices and contract sizes resulting from the adjustment will be published on the Market Supervision Messages window immediately after the close of trading. Version numbers of existing series will be increased by one. All outstanding orders and quotes in the order book in the affected series will be deleted after close of trading. New Swisscom option series with a standard contract size of ten shares and version number zero will be introduced with effect from the next exchange day.

Please take into account the changes described above.

2. Increase in Synchronous Transaction Limits for the 3-month Euribor Future (FEU3)

With effect from 18 February, 2002 the Management Boards of Eurex Deutschland and Eurex Zürich have raised the daily synchronous transaction limit for the 3-month Euribor Future from 8,000 to 12,000. A full table of the daily transaction limits and fees for exceeding the limits, valid from 18 February, 2002 can be found in the attachment.

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Eurex Daily Transaction Limit Overview – as of 18 February, 2002

Product	Floor	Factor / Trade	Limit per Product			Fee per Transaction in Excess of Limit						Maximum Daily Fee	
			Normal	Manual MQ (MASSQ)	Machine MQ (MMASS)	Products with Currency EUR			Products with Currency CHF			Products in EUR	Products In CHF
						<50%	50-100%	>100%	<50%	50-100%	>100%		
Non-product-specific*	n/a	n/a	5,000	n/a	n/a	0.05	0.20	0.00	0.08	0.32	0.00	625.00	1,000.00
Equity Options													
German, Neuer Markt, Swiss, Finnish and U.S. Equity Options	n/a	n/a	4,500	3,500	3,500	0.05	0.20	0.00	0.08	0.32	0.00	1,000.00	1,600.00
Other Equity Options	n/a	n/a	4,000	3,000	3,000	0.05	0.20	0.00	n/a	n/a	n/a	875.00	n/a
Money Market Futures													
One-month Euribor Futures	8,000	5	n/a	n/a	n/a	0.50	1.25	5.00	n/a	n/a	n/a	No limit	n/a
Three-month Euribor Futures	12,000	5	n/a	n/a	n/a	0.50	1.25	5.00	n/a	n/a	n/a	No limit	n/a
Options on Money Market Futures	n/a	n/a	12,000	9,000	9,000	0.05	0.20	0.00	n/a	n/a	n/a	2,625.00	n/a
Index Futures													
DAX Futures	9,000	5	n/a	n/a	n/a	0,50	0,50	1,25	n/a	n/a	n/a	No limit	n/a
Dow Jones Euro STOXX 50 Futures	9,000	5	n/a	n/a	n/a	0.50	1.25	5.00	n/a	n/a	n/a	No limit	n/a
NEMAX 50, SMI, HEX25 Index Futures	7,000	5	n/a	n/a	n/a	0.50	0.50	1.25	0.80	0.80	2.00	No limit	No limit
Other Index Futures	6,000	5	n/a	n/a	n/a	0.50	1.25	5.00	n/a	n/a	n/a	No limit	n/a
Index Options													
German, Swiss & Finnish Index Options	n/a	n/a	7,000	3,500	3,500	0.05	0.20	0.00	0.08	0.32	0.00	1,312.50	2,100.00
Other Index Options	n/a	n/a	6,000	3,000	3,000	0.05	0.50	0.00	n/a	n/a	n/a	No limit	n/a
Capital Market Futures	12,000	5	n/a	n/a	n/a	0.50	1.25	5.00	0.80	2.00	8.00	No limit	No limit
Options on Capital Market Futures	n/a	n/a	12,000	9,000	9,000	0.05	1.25	0.00	n/a	n/a	n/a	No limit	n/a

* No fees will be charged for exceeding non-product-specific transaction limits in February, 2002 (See Circular 015/02)

- Use of the 'Floor' and 'Factor' parameters in the calculation of daily transaction limits for Futures is described in Circular 092/00.