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To: All Eurex members and vendors

Date: Frankfurt, 17th March 1999

Information on the first application of the modified settlement procedure for DAX and MDAX Futures on 19th March 1999

Dear Sir or Madam,

In DTB circulars 79/97 and 15/98 we informed you of the changes to the procedure for the establishment of the settlement price for options and futures on the German stock index (DAX). As 19th March 1999 is the first maturity of the Futures on the DAX and the MDAX to which the new procedure applies, we are reminding you of the changes.

According to the Conditions for Trading at Eurex Deutschland and Eurex Zurich, the following applies to the DAX Future /MDAX Future:

Subsection 2.1.3.1 / 2.1.5.1 of the Specifications for Futures Contracts on the German Stock Index (DAX Futures Round Lot and Odd Lot / MDAX Futures Round Lot and Odd Lot)

(2) After the close of trading in the contract, the seller of a DAX /MDAX Future shall pay in cash any difference between the agreed price and the higher final settlement price. The purchaser of a DAX / MDAX Future shall pay in cash any difference between the agreed price and the lower final settlement price.
The final settlement price shall be determined by the Eurex Exchanges on the final settlement day for a contract (subsection 2.1.3.2 / 2.1.5.2 Paragraph (2) sentence (2) according to the value of the DAX / MDAX based on the auction prices for the securities comprising the DAX /MDAX fixed by the electronic trading system of the Frankfurt Stock Exchange (Xetra) during an intra-day auction determined by the Boards of Management of the Eurex Exchanges

(3) If any changes are made in the calculation of the DAX /MDAX or its weighting such that the DAX / MDAX appears to be no longer comparable with the concept applied when a futures contract was admitted to trading, the Boards of Management of the Eurex Exchanges may order the termination of trading of such option as of the last trading day prior to the change in the DAX /MDAX. Open positions shall be settled in cash upon the close of trading. The final value of the DAX / MDAX, calculated on the basis of the auction prices for securities comprising the DAX / MDAX, fixed by the electronic trading system of the Frankfurt Stock Exchange (Xetra) in an intra-day auction determined by the Boards of Management of the Eurex exchanges, shall be used. New contracts shall be introduced in accordance with subsection 2.1.3.2 / 2.1.5.2.
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Eurex Deutschland
Börsenplatz 7 - 11
D-60313 Frankfurt am Main
www.eurexchange.com

Eurex Member Readiness
Tel. +49 (0)69-2101-1700
Fax +49 (0)69-2101-1701

Executive Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

Subsection 2.1.3.2 / 2.1.5.2 of the Specifications for Futures Contracts on the German Stock Index (DAX Futures) / (MDAX Futures

(2) The last trading day of a contract shall be the final settlement day. The final settlement day shall be the third Friday of the relevant quarter-end month; provided, however, that if such Friday is not an Exchange day, the last trading day prior to such Friday shall be the final settlement days. Trading shall close upon the start of the call phase of the intra-day auction in the electronic trading system of the Frankfurt Stock Exchange (Xetra) as determined by the Boards of Management of the Eurex Exchanges.

Against this background, please take note of the following information:

The above-mentioned intra-day auction on the electronic trading system of the Frankfurt Stock Exchange (Xetra) begins for the DAX securities at 13.00h CET and for the MDAX securities at 13.05h CET, both with the start of the call phase.

This means that:

- the intra-day Xetra auctions at 13.00h CET (DAX) and 13.05h CET (MDAX) are the basis for the establishment of the final settlement prices according to Section 2.1.3.1 / 2.1.5.1 paragraph (2) of the Conditions for Trading

- the intra-day Xetra auctions at 13.00h CET (DAX and 13.05H CET (MDAX) are the basis for the establishment of the final value of the DAX / MDAX according to Section 2.1.3.1 / 2.1.5.1 paragraph (3) of the Conditions for Trading

- The **close of trading** according to section 2.1.3.2 (DAX) / 2.1.5.2 (MDAX), paragraph (2) of the Conditions for Trading is **13.00h CET (DAX) / 13.05h CET (MDAX)** on the last trading day. Consequently the **last trading day** for FDAX/FMDX is **Friday 19th March 1999.**

As an associated measure (on the recommendation of the Xetra Stock/Warrants Panel and the Eurex Working Group – Stocks/Index Products) the call phase of the Xetra Intra-day auction for all DAX / MDAX securities will be extended from 2 minutes to 5 minutes exclusively on the last trading day.

If you have any questions, please contact the Index Products Help-desk on +49-(0)69-2101-1220.
If you have questions concerning the Xetra auction, please contact the Xetra Help-desk directly on +49-(0)69-2101-1400.

Yours sincerely,

Jürg Spillmann

Hartmut Klein

Eurex Deutschland
Börsenplatz 7 - 11
D-60313 Frankfurt am Main
www.eurexchange.com

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