X-pand into the Future

e u r e x *circular 016/01*

Date: Frankfurt, 12 March, 2001
Recipients: All Eurex members and vendors
Authorized by: Thomas Lenz

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

Invitation for Members to Propose a Designated Market Making Scheme for the Three-month Euribor Future

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Content may be most important for:

- Front Office / Trading
- Middle + Back Office
- Auditing / Security Administration

Attachments:

Proposal for Participation in the Market Making Scheme for the Three-Month-Euribor Future

Summary:

The Eurex Management Boards have made the decision to offer a new concept for Designated Market Making in the Three-month Euribor Future. Under this concept, the conditions for Designated Market Making can be negotiated individually between the member and the exchange. In return for fulfilling the agreed obligations the member would be offered an individually-defined contribution to marketing costs.

Interested Exchange members are invited to provide Eurex with details of their offer in writing by completing sections 1-3 of the attached form.

Completed proposals should be returned to Eurex by 16 March, 2001 at the latest.

Invitation for Members to Propose a Designated Market Making Scheme for the Three-month Euribor Future

A Designated Market Making Scheme has been in operation on the Three-month Euribor Future since the product was first introduced in September, 1998. In order to extend the supply of necessary liquidity and to build on the existing market share in Euribor Futures, the Eurex Management Boards have made the decision to offer a new concept for Designated Market Making. Under this concept, the conditions for Designated Market Making can be negotiated individually between the member and the exchange. In return for fulfilling the agreed obligations the member would be offered an individually-defined compensation for marketing costs.

In order to participate in Designated Market Making it is first necessary for interested members to make a written proposal to Eurex giving details of the quote obligations they would be prepared to undertake in the Three-month Euribor Future.

Each proposal must contain the following information:

- Quote duration
- Number of maturities
- Minimum quote sizes
- Maximum Bid/Ask Spread
- Amount and type of contribution towards marketing costs

Eurex will evaluate all Designated Market Maker proposals according to whether the member's proposed quote obligations (duration, sizes, spreads) will lead to a clear improvement in the current market position of the Three-month Euribor Future. The best proposals in the opinion of Eurex will be accepted, so that these applicants will participate in the Designated Market Making Scheme. However, Eurex reserves the right to limit the number of Designated Market Makers.

Subject to receipt of one or more acceptable proposals, introduction of the Designated Market Making Scheme is planned for 02 April, 2001.

The written proposal for the Designated Market Making scheme should be made on the attached form, and should be returned to the Eurex Product Development department by 16 March, 2001 at the latest.

Frankfurt, 12 March, 2001

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Proposal for Participation in the Market Making Scheme for the Three-Month-Euribor Future

For participation in the Designated Market Making Scheme for the Three-Month-Euribor Futures

contract we, _____propose the following:
(name of member)

1. Quote Obligations:

Year	Name	Months	Quote Size	Bid/Ask Spread*	Quotation Time
1	White Months	1st Quarterly month		Bps	%
1		2nd Quarterly month		Bps	%
1		3rd Quarterly month		Bps	%
1		4th Quarterly month		Bps	%
2	Red Months	5th Quarterly month		Bps	%
2		6th Quarterly month		Bps	%
2		7th Quarterly month		Bps	%
2		8th Quarterly month		Bps	%
3	Green Months	9th Quarterly month		Bps	%
3		10th Quarterly month		Bps	%
3		11th Quarterly month		Bps	%
3		12th Quarterly month		Bbs	%

* 1 Basis point (Bps) = 2 ticks

2. Period of Agreement:

_____
_____
_____
_____

3. Size and nature of the business cost contribution being sought

_____
_____
_____
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_____
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_____
_____

_____
Place, date

_____ _____
Name Position

_____ _____
Phone Fax

_____
(Signature / Stamp of the firm) E-mail address

Please send the completed offer for the Three-month Euribor Futures Market Making Scheme to the indicated fax number no later than March 16, 2001.