e u r e x *circular 18/99*

To: All Eurex members and vendors

Date: Frankfurt, 4th March 1999

Change to the Formula for Calculation of the Price Factor for Euro Capital Market Futures on Eurex

Dear Sir or Madam,

The official published formula that currently applies at Eurex for calculation of price factors for deliverable bonds against the German Capital Market Futures (Euro-Bund, Euro-BOBL, and Euro-Schatz Futures) only considers the complete months until the next coupon date, divided by 12. This is not consistent with either today's 'actual/actual', nor the previous '30/360' accrued interest calculation methods.

At their meeting on 12th November 1998, the Eurex Working Group Interest Rate Products recommended that the price factor formula should be modified to the 'actual/actual' calculation method of accrued interest. The executive boards of Eurex Deutschland and Eurex Zürich AG approved the change to the price factor calculation on 16th February 1999.

The modified price factor calculation will take effect from 8th March 1999 for all new expirations of Euro Capital Market Futures, i.e. the December 1999 expiry will be the first.

The new formula is as follows:

$$PF = \frac{1}{1{,}06^{\frac{d}{act.}}}\left[\frac{C}{6}\left(1{,}06 - \frac{1}{1{,}06^{n}}\right) + \frac{1}{1{,}06^{n}}\right] - C * \frac{1 - \frac{d}{act.}}{100}$$

C = annual coupon of the bond

d = number of days from the delivery day until the next coupon payment date (excluding that day). The 'next coupon payment date' is always the coupon payment date following the delivery day.

n = the number of years of the remaining term of the bond

act. = number of days from the last coupon pay-date before the delivery day until the next coupon payment date (including that day) after the delivery day (either 365 or 366 days).

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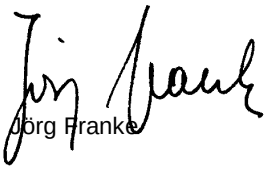
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Yours sincerely,



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