X-pand into the Future

e u r e x *circular 011/01*

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Modification to the 'Crossing' Regulation of subsection 1.3.3 paragraph (5) of the Conditions for Trading at Eurex Deutschland and Eurex Zürich

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Administration	New Crossing Regulation – Trading Conditions, Subsection 1.2.3

As a result of the recent recorded violations of the Crossing rule, the Exchange Supervisory Authority of the State of Hesse requested Eurex to propose a modification to the existing regulation. In comparison to the current version, the new regulation should provide a clearer and more understandable structure and guarantee the proper establishment of exchange prices.

Following intensive discussions between Eurex and the Exchange Supervisory Authority of Hesse the modifications to the Crossing regulations as shown in the attachment have been accepted.

The following changes from the current regulations should be noted:

- The new Crossing regulation will be defined as a separate regulation under subsection 1.2.3 of the Trading Conditions, and will no longer be included in the 'Limit Orders' definition under subsection 1.3.3 paragraph (5);
- Due to its clearer structure, the modification to the Crossing rule results in a more understandable regulation;
- The time delay between a Cross Request and order input has been shortened and standardized for both futures and options;
- Own-account Crosses (Crosses between P and M accounts) are no longer forbidden;
- A member (buyer) must always enter a Cross Request into the system before performing a Cross trade;
- After a proposed Cross Request the buyer must trade a minimum number of contracts, depending on the amount entered in the Cross Request.

The modified Crossing regulation (subsection 1.2.3) as shown in the attachment will come into effect on 01 March, 2001. At the same time, paragraph (5) of subsection 1.3.3 will be deleted from the Trading Conditions.

Conditions for Trading at Eurex Deutschland and Eurex Zürich

1.2 Subpart General Trading Rules

1.2.1 Tradeable Contracts

1.2.2 Consummation of Transactions

1.2.3 Cross Trades and Pre-arranged Trades

(1) Orders and quotes relating to the same contract or to a system-supported combination of contracts may, in case they could immediately be executed against each other, neither be entered knowingly by an Exchange Participant (a cross trade) nor pursuant to a prior understanding by two different Exchange Participants (a pre-arranged trade), unless the conditions according to paragraph (2) have been met. The same shall apply for the entry of orders as part of a quote.

(2) A cross trade or a pre-arranged trade is admissible if the purchaser, prior to entering his order or quote, enters a cross request. The purchaser and the seller must enter the order or quote giving rise to the cross trade or pre-arranged trade five seconds at the earliest and 65 seconds at the latest after having entered the cross request. The order or quote hereby must refer to at least a minimum size of contracts. Minimum size is

- in the case of options contracts, equivalent to the minimum quote size of the respective contract established for Market Makers or half of the intended contract amount notified with the cross request, if half of the intended contract amount notified with the cross request is smaller than the minimum quote size established for Market Makers,

- in the case of futures contracts, five contracts or half of the intended contract amount notified with the cross request, if half of the intended contract amount notified with the cross request is less than five contracts.

(3) Paragraphs (1) and (2) shall not apply to transactions consummated during the netting process in the opening period (subsection 1.1.3 paragraph (2)).

1.2.4 Objections

1.2.5 Orders and Quotes in the Order Book

1.2.6 Binding Nature of Transactions

1.2.7 State of Emergency at an Exchange Participant