Deutsche Börse

To the Members of
DTB Deutsche Terminbörse

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Introduction of Additional Long-Term Stock Options
Adjustments in conjunction with Reduction of Contract Sizes
in Stock Options

Circular No. 06/98 02/19/1998

Dear Sir or Madam,

Subsequent to the introduction of longer terms for the DAX® option, the range of terms available for trading in selected stock options was also extended to two years on June 23, 1997 for the first time. Now that these six long-term options on stocks have been tradable for about eight months, there is a demand for longer terms in other liquid stock options as well.

Moreover, the planned reduction in stock option contract sizes on March 30, 1998 (see Circular No. 84/97) will make an adjustment necessary in the minimum quote size for market makers and the rules applying to cross- and pre-arranged trades.

Therefore, based on the recommendation of the Working Committee on Trading (Equities/Index Products), the General Management of DTB adopted the following resolutions at its meeting on February 3, 1998:

Introduction of additional long-term stock options

Effective June 22, 1998, the term of options on **Commerzbank, Bayer, Thyssen, Hoechst, Veba and Allianz** will be extended to include terms of up to 18 months and 24 months.

General Manager:
Dr. Werner G. Seifert
Jürgen Blitz
Dr. Reto Francioni
Dr. Jörg Franke
Paul Gerbecks

As in the case of the existing long-term stock options, these longer-term stock options will not be treated any differently with respect to market making. The quote obligation in the existing terms to expiration is being expanded to include the long-term option series. The exercise price intervals in these option series will be doubled.

For detailed information on the design and structure of the longer-term options, please refer to the enclosed contract specifications, which are valid as of June 22, 1998.

Increase in the minimum quote size for market makers and the minimum order size for cross- and prearranged trades

Effective March 30, 1998, the minimum quote size is 25 contracts (instead of the previous 5 contracts) for stock options in Group A and 50 contracts (instead of 10) for stock options in Groups B and C.

The minimum order size as of which a cross-request has to be entered in the DTB system indicating the intended number of contracts will be 250 contracts (instead of 50).

This represents an adjustment proportionate to the reduction in contract size. These parameters will remain unchanged for options on stocks of Allianz and Münchener Rückversicherung, because the contract size is not being reduced.

We will advise you in due course of further details regarding the longer terms in another circular.

If you have any questions, please feel free to call Ms Christine Heyde (+49-69-2101-5698).

Yours sincerely,

Jörg Franke Christian Klapproth

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- Stock Options -

- Changes appear underlined, deletions are stricken through -

Contract Size	100 ~~50~~ shares. For stocks with a listed nominal value of DM 50 the contract size is 10 ~~500~~ shares. Münchener Rückversicherung and Allianz have a contract size of 50 shares.
Minimum Price Movement	Option prices have price graduations of DM 0.10. For options on stocks with a nominal value of DM 5, price movements of DM 0.01 are possible (regardless of the value of the underlying stock).
Expiration Months	Options are available with terms up to and including: a) the next, the second and the third succeeding expiration months as well as up to and including the next two quarterly expiration months (March, June, September, December) thereafter; or b) the next, the second and the third succeeding expiration months as well as up to and including the next three quarterly expiration months (March, June, September, December) thereafter; or c) the next, the second and the third succeeding expiration three quarterly expiration months (March, June, September, two half-year expiration months (June, December) thereafter.
months as well as up to and including the next December) thereafter and up to the next	
Expiration Day	The expiration day of an option series is the exchange trading day following its last trading day.
Last Trading Day	The third Friday of the expiration month, if that is an exchange trading day, otherwise the exchange trading day immediately preceding this Friday.
Exercise Period	American-style, i.e. an option can be exercised up to the end of the Post-Trading Period on any exchange trading day, excluding the day of dividend resolutions.
Settlement Day	Two exchange trading days after the exercise.

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Delivery	Physical delivery of 10, 50 shares or, as the case may be, ~~500~~ 100 shares of the underlying stock.
Settlement Price	The price of the last trade in an option series during the final hour of trading on an exchange trading day. If no trades have taken place in the option series during this time or the traded price does not reflect the true market conditions, DTB will determine the settlement price.
Margin	DTB determines the daily margin requirement using its Risk-Based Margining method.
Exercise Price	For each expiration month, there are at least three call and three put series; at least one exercise price * in-the-money * at-the-money and * out-of-the-money. Option series may have the following exercise price intervals or a multiple thereof: DM 1, up to and including DM 20; DM 2, from 22 up to and including DM 50; DM 2,50, from 52,50 up to and including DM 100 for the first and second delivery month; DM 5, from 55 up to and including 100 DM for the other delivery months; DM 10, from 110 up to and including DM 200; DM 20, from 220 up to and including DM 500; DM 25, from 525 up to and including DM 1,000 for the first an second delivery month; DM 50, from 550 up to and including 1,000 DM for the other delivery months; DM 100, from 1,100.

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Introduction of New Exercise Prices	All option series with new exercise prices for an existing expiration month are introduced in the DTB system no later than at the beginning of the Pre-Trading Period of an exchange trading day if, the price in the underlying stock on the closing auction in the electronic trading system of FWB (Frankfurt Stock Exchange) has, on the two preceding trading days, exceeded the average of the two highest strike prices or fallen below the average of the two lowest then-existing strike prices. If no price in the underlying security is effected on the closing auction, the volume-weighted average of the last three "paid" prices (Bezahlt-Preise) of the respective underlying security effected on the electronic trading system of the Frankfurt Stock Exchange between the close of trading at the Frankfurt Stock Exchange and the close of trading at the Exchange (DTB) in stock options shall be authoritative. If less than three "paid" prices are traded in the underlying stock in the electronic trading system between the close of trading at FWB and the close of trading in stock options at DTB either, the closing price of the underlying stock traded on the floor of FWB will be finally used as the reference price. A new option series is normally not introduced if it would expire in fewer than 10 exchange trading days. However, new option series can be introduced during this period if required by market conditions.
Option Premium	Payable in full on the exchange trading day following the day the option was purchased.

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Stock Options Available

The DTB stock options are traded in three groups according to their expiration months:

Group A Maturities max. 1,2,3,6 and 9 Months	**Group B** Maturities max. 1,2,3,6,9 and 12 Months	**Group C** Maturities max. 1,2,3,6,9,12, 18 and 24 Months
Adidas	Bayer. Hypotheken- u. Wechsel-Bank	Allianz-Holding
Bilfinger und Berger	Bayerische Vereinsbank	BASF
Dresdner Bank	Bayer	
Degussa	Lufthansa	Commerzbank
Douglas Holding	RWE	Daimler Benz
Fresenius Vz.		Deutsche Bank
Henkel Vz.		Deutsche Telekom
Metro		Hoechst
Merck		Siemens
Metallgesellschaft		VEBA
RWE Vz.		
SAP Vz.		
Schering		

Stocks with a nominal value of DM 5

Münchener Rückversicherung VNA

Stock with a nominal value of DM 10

Karstadt	BMW	Thyssen
Klöckner Werke	Mannesmann	VW
Linde	Preussag	
MAN	VIAG	
Philipp Holzmann		
VW Vz.		

Stocks with a nominal value of DM 50 *****

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** A change to a nominal value of DM 5 may be possible after an agreement in the general meeting.*

Stock options in Group A are traded with obligatory designated market making. Stock options in Groups B and C are traded with obligatory market making.