X-pand into the Future

e u r e x *circular 008/00*

Date: Frankfurt, 28 January 2000
Recipients: All Eurex members and vendors
Authorised by: Andreas Preuß

Extension to the Eurex price model by introduction of an annual discretionary volume-incentive bonus scheme

Contact: Heike Eckert Tel. +49 (0)69-2101-4892

Content may be most important for:

- ➲ Front Office / Trading
- ➲ Middle + Back Office

Attachments:

1. Full text of circular.
2. Fax reply for registration of affiliates.

Summary:

An annual volume-incentive bonus scheme has been introduced by Eurex, offering a bonus of up to 15% of fees paid for executed transactions. Full or partial payment of the entitlement under the bonus model depends on the degree of achievement of attributable transaction fee income. For the year 1999, transactions from 1 April 1999 until the end of the year will be considered. In future the scheme will cover a calendar year.

The calculation of the actual bonus amount is made in three steps:

Step 1. The top ten members in terms of executed transaction fees in each of the four product groups Capital Markets, Money Market, Equities and Index Products will qualify for a provisional bonus of the related transaction fees ranging from 15% for the top member, descending in steps of 1.5 %, down to a 1.5 % bonus for the 10th ranked member. Bonus entitlements for an individual member in more than one of the product groups will be aggregated.

Step 2. The top ten members in terms of overall executed transaction fees will qualify for a provisional bonus entitlement according to the same principle described above.

Step 3. The actual bonus award for a qualifying member will be the higher of the provisional bonus amounts calculated under steps 1 and 2. Its full or partial payment is subject to attributable overall Eurex transaction volume growth. Note that, for a single member, bonus entitlements under steps 1 and 2 are not additional to each other.

Parent member institutions and their 100% owned affiliates will be considered as a single entity in calculation of the bonus entitlement. Members affected should return the attached fax reply by 11 February 2000 for such associations to qualify for the 1999 calculations.

Introduction of an Annual Discretionary Volume-Incentive Bonus Scheme

On 24 November 1999 the Management Boards of the Eurex exchanges made the decision to extend the Eurex price model through the introduction of an annual volume-incentive bonus scheme.

The bonus scheme is designed to reward members' contributions to the growth and liquidity of Eurex. The overall amount for distribution as incentive bonuses will depend on the degree of achievement of corresponding growth of overall transaction fee income by Eurex as a whole. The model is designed to offer incentive bonuses of up to 15% of the most active members' fees for executed transactions over a calendar year.

Calculation of the bonus will be made at the end of each year, and, subject to the achievement of attributable growth of overall transaction fee income, any payment will be made in the first quarter of the following year. Exceptionally, for 1999, the bonus will be calculated on members' executed transaction fees from 1 April 1999 until the end of the year.

The amount of the bonus will be determined according to the following three-step model:

1. For the top ten members in each of the four product groups, Capital Markets, Money Market, Equities, and Index Products, a provisional bonus amount will be calculated depending on their ranking in terms of fees for executed transactions. The bonus entitlement for the top ranking member in each product group will be 15% of the related transaction fees, reducing by 1.5% for each lower ranking member. Members ranked 11th or less will have no entitlement. Bonus entitlements for a member in more than one of the product groups will be aggregated.

2. The top ten members in terms of total executed transaction fees across all products will be granted a provisional bonus entitlement according to the same principle described above.

3. Members' provisional bonus entitlements according to the calculations made in steps 1 and 2 will be compared. The actual bonus award in recognition of the member's contribution to growth and liquidity will be the larger of the two amounts. Its full or partial payment is subject to an attributable overall Eurex transaction volume growth.

Parent member institutions and their 100% owned affiliates will be considered as a single entity in calculation of the bonus entitlement. In order to allow Eurex to calculate this amount correctly, we would ask an authorised representative of the parent institution to complete the attached form, and return it by fax to +49 (0)69-2101-1701 before 11th February 2000. Those returned after that date cannot be considered for the 1999 bonus calculation.

In the near future, members will be able to monitor their potential bonus ranking positions on a regular basis throughout the year via monthly ranking reports. In cases of aggregation for associated institutions, the consolidated report will be sent to the member institution signing the attached declaration.

If you have any questions relating to the content of the circular, please contact Heike Eckert on Tel. +49 (0)69-2101-4892.

Frankfurt 28 January 2000

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Eurex Member Readiness
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Management Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

e u r e x *FAX Reply*

To: Eurex Functional Member Readiness	Fax: +49 (0)69-2101-1701

Annual Discretionary Volume-Incentive Bonus Scheme – Affiliate Declaration

From: Member Name: **Member ID:**

_____ ___ ___ ___ ___ ___

The following Eurex member institutions are associated directly or indirectly in a 100% capital ownership relationship with the above-named member institution. In the calculation of bonus entitlements they should be combined with the institution named above. Should bonus payments be due, we request Eurex to credit the above-named member institution.

Member Name	Effective date of 100% relationship if after 1 April 1999	Member ID
_____		___ ___ ___ ___ ___
_____		___ ___ ___ ___ ___
_____		___ ___ ___ ___ ___
_____		___ ___ ___ ___ ___
_____		___ ___ ___ ___ ___

We confirm that the information above is correct, and agree to inform Eurex of any changes to the 100% status of the affiliations.

Name	Date	Authorised Signature	Company Stamp

This fax reply should reach Eurex on or before 11 February 2000 to qualify for combined bonus calculation for 1999.

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