Deutsche Börse

To the
Members of
DTB Deutsche Terminbörse

DTB
Deutsche Terminbörse

Funktionalität Terminmarkt-
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02/24/1998

Change in the Quote Obligations for Designated Market Makers in the VOLAX® Future
Applications for Designated Market Making in the VOLAX® Future
Circular No. 08/98

Dear Sir or Madam,

The VOLAX® Future was launched at DTB on January 19, 1998. To ensure that market participants would have a liquid market for trading in this product from the very beginning, the exchange enlisted the support of Designated Market Makers, who had a binding obligation to quote actively in this product.

The first four weeks of trading since the product launch have shown that the bid-ask spreads and minimum quote sizes selected in consultation with the market makers prior to the launch are not in line with the market and could not be maintained by any of the market makers.

For this reason, based on consultations with the current market makers and other DTB members who have expressed an interest in market making on a different quote basis, the DTB General Management has amended the market-maker system as follows, effective March 2, 1998:

Vorsitzender des
Aufsichtsrates:
Dr. Rolf-E. Breuer

Vorstand:
Dr. Werner G. Seifert
(Vorsitzender)
Jürgen Blitz
Dr. Reto Francioni
Dr. Jörg Franke
Paul Gerbecks

Aktiengesellschaft
mit Sitz in
Frankfurt am Main
HRB Nr. 32232
Amtsgericht
Frankfurt am Main

The Designated Market Makers are obligated to quote the following bid-ask spreads and minimum number of contracts for 60 percent of the trading period:

Contract month	Max. bid-ask spread	Min. number of contracts
1st month	30 ticks	100
2nd month	50 ticks	50

Alternatively, the obligation in a given contract month is also fulfilled if a bid-ask spread narrower than the above-indicated spread is quoted for 25 contracts on the bid and ask side, respectively.

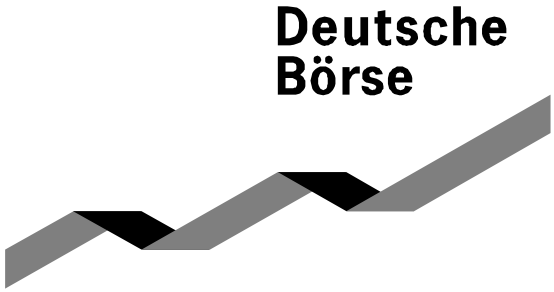
Deutsche Börse is giving other interested DTB participants an opportunity to become active as Designated Market Makers in the VOLAX® Future. The enclosed statement of obligation must be completed and submitted to Deutsche Börse by FAX (+49-69-2101-4461).
The Designated Market Making agreement is valid until July 17, 1998. All trading and clearing fees for transactions in the M account will be reimbursed on a monthly basis to Designated Market Makers who meet the above-indicated criteria.

If you have any questions about this, please feel free to call Elmar Werner (+49-69-2101-5923).

Yours sincerely,

Jörg Franke Christian Klapproth

Enclosure



FAX Return

Deutsche Börse AG
Benchmark Products
Funktionalität Terminmarkt
Attn.: Mr. Werner
60284 Frankfurt am Main

Fax +49 69 - 2101 - 4461

Sender
Name:

Institution:

Telephone: Fax:

Application for
Admission as Designated Market Maker for the VOLAX Future

1. We, _____
(name of member)

herewith apply for the admission as Designated Market Maker for the

VOLAX Future

for the period of time from the approval of the board of DTB to July 17, 1998, pursuant to the conditions set out in circular XY/1998.

2. As a Designated Market-Maker, we shall -

a) provide two-way (bid and ask) quotes for the VOLAX Future, subject to:

- the specified minimum number of contracts (100 contracts in the first maturity month and 50 contracts in the second, both on the bid and ask side);
- the maximum spreads (30 ticks in the first maturity month and 50 ticks in the second maturity month); and
- within the scope of the specified duration (60% of the overall daily trading hours, on a monthly average, including in particular on the daily opening and closing of the contract, following quote requests and in the event of significant price changes in the underlying options); or
- as an alternative to the spreads and minimum number of contracts set out above, the obligation in any maturity month shall be deemed fulfilled if a tighter spread is quoted for a size of 25 contracts each on the bid and ask side;

b) identify the name of an executive member of staff who has the power to take the decisions required within the scope of the fulfilment of obligations as Designated Market Maker and is available for Deutsche Börse AG as a contact with respect to this agreement; and

c) inform Deutsche Börse within one business day in the event of our inability to fulfil these obligations.

3. In turn, Deutsche Börse shall -

provide a full refund of trading and clearing fees for contracts entered into by Designated Market Makers on their M accounts until July 17, 1998. The settlement of the refund for each month shall take place at the beginning of the respective following month. No refunds of fees shall be made for contracts traded on the A or P accounts, or in the event of non-fulfilment of quoting obligations.

4. a) The compliance with the obligations pursuant to No. 2 above shall be monitored by Deutsche Börse.

   b) In the event of our failure to fulfil the obligations pursuant to No. 2 above, Deutsche Börse shall be authorised to -

      - terminate the agreement and to publish such termination of the Designated Market Maker agreement at the discretion of Deutsche Börse. In this case, Deutsche Börse shall be released from its duties pursuant to No. 3 above with immediate effect;

5. In the event of material changes to the contract specifications of the contract, or changes of legal provisions or the rules and regulations with respect to the contract, we as well as Deutsche Börse shall be entitled to terminate this agreement with immediate effect, or to re-negotiate the requirements as set out in Section 2 above and/or the enclosure.

6. Deutsche Börse, in its sole discretion, shall be authorised to temporarily suspend or expand one or several of the conditions set out within this agreement, if it deems appropriate to do so (for example, upon the occurrence of circumstances resulting in high market volatility, or if no negative impact on the market quality is to be expected as a result of such suspension or expansion). In the event of Deutsche Börse suspending or expanding one or several conditions, the Designated Market Makers shall ensure that the notification of the end of such situation can be communicated to them without delay.

7. No special DTB status beyond the measures set out above shall be granted to the participant upon their appointment as Designated Market Maker, which is limited until July 17, 1998. The title of Designated Market Maker must not be used after the end of the aforementioned period, unless agreed otherwise with Deutsche Börse.

Exhibit Application for Admission as Designated Market Maker

To be completed by the person specified pursuant to Section 2. b)

Name / Position _____

for Member _____

Telephone No. _____

Fax No. _____

Address _____

_____

_____

Date/Signature _____

Please return the completed application for appointment as Designated Market Maker by fax to the address specified above to your earliest convenience.