X-pand into the Future

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Change to the Exercise Price Gradations for Options on the Euro Schatz Future (OGBS) from 05 February, 2002

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Coordination	Section 2.2.13 of the Conditions for Trading at Eurex Deutschland and Eurex Zürich

On 11 January, 2002 the Management Boards of Eurex Deutschland and Eurex Zürich made the decision to modify the exercise price interval for options on the Euro Schatz Future (OGBS) from 0.25 points to 0.10 points.

In comparison to the Euro BOBL Future (OGBM), the lower price and yield movements in the short-term segment suggest a lower price interval is appropriate for the Euro Schatz Future.

New exercise prices will be introduced for the first time from **05 February, 2002,** for all expirations around the at-the-money value. The exercise prices of existing series will remain unchanged.

The relevant section of the Eurex Trading Conditions with the appropriate change to section 2.2.13.6 (1) is attached.

2.2.13 Sub-Subpart: Specifications for Options Contracts on Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany or the Treuhandanstalt (Options on a Euro SCHATZ Futures)

2.2.13.1 Subject Matter of Contract

An option relates to a Euro Schatz Futures contract pursuant to subsection 2.1.14.1 et seq. of the available delivery months.

2.2.13.2 Call Option (Call)

(1) The purchaser of a call option ("Call") has the right to demand the opening of a long position in the Euro Schatz Futures contract with the stipulated exercise price.

(2) The writer of a call is required, on the Exchange day after exercise, to establish a short position in the Euro Schatz Futures contract with the stipulated exercise price.

2.2.13.3 Put Option (Put)

(1) The purchaser of a put option ("Put") has the right to demand the opening of a short position in the Euro Schatz Futures contract with the stipulated exercise price.

(2) The writer of a put is required, on the Exchange day after exercise, to establish a long position in the Euro Schatz Futures contract with the stipulated exercise price.

2.2.13.4 Option Premiums

(1) The purchaser of an options contract is required to pay to the writer thereof the price for the purchase of the options right (the "Option Premium").

(2) The premium payment is not made through a one-time payment after the purchase of the option; instead it is part of the daily settlement process during the duration of the option position based on a mark-to-market valuation of the position on each Exchange day. The valuation is made on the day on which the transaction is entered into on the basis of the difference between the option price and the daily settlement price, and thereafter on the basis of the difference between the daily settlement prices of the current Exchange day and the preceding Exchange day. The daily settlement may also result in an interim debit of the writer.

Upon exercise and assignment of the option, as well as upon its expiration, a final premium payment shall be made in an amount equivalent to the daily settlement price of the options contract on the exercise day or the expiration day, as the case may be.

2.2.13.5 Term, Close of Trading, Expiration Day

(1) Options are available at the Eurex Exchanges with terms consisting of the next three consecutive months as well as the respective following month of the cycle March, June, September and December; i.e., terms of 1, 2 and 3 months, as well as a maximum term of 6 months, are available. The due months of the underlying futures and the expiration month of the option are identical in the months of March, June, September and December, in all other months, the due month of the

underlying futures is the next cyclical end-of-quarter month following the expiration month of the option.

(2) The last trading day of an option series shall be the last day on which such option series is available to Exchange Participants for trading and clearing through the EDP system of the Eurex Exchanges. The last trading day shall be the sixth Exchange day before the first calendar day in the expiration month. The expiration day for any option series shall be the Exchange day following its last trading day.

(3) An option series may not be canceled so long as any Exchange Participant continues to hold open positions in such option series.

2.2.13.6 Exercise Prices

(1) Option series can have exercise prices with price gradations of 0.10 points. A point has a value of 1,000 EUR and represents 100 ticks in the EDP system.

(2) Upon the admission of a contract, at least 9 exercise prices shall be made available for trading for each expiration day for each call and put, such that 4 exercise prices are "in the money", 1 is "at the money" and 4 are "out of the money".

(3) Option series with new exercise prices shall be introduced for an existing expiration month no later than at the beginning of the Pre-Trading Period of a given Exchange day in the event that the daily settlement price of the underlying Euro Schatz Futures contract on each of the previous two Exchange days has exceeded or fallen below the average of the fifth- and fourth-highest or the fifth- and fourth-lowest then-existing exercise prices, as the case may be, of options written on such Euro Schatz Futures contract. A new option series shall generally not be introduced if it would expire in fewer than 10 Exchange days, unless market conditions make such introduction necessary.

2.2.13.7 Price Gradations

The prices of the options contracts will be quoted with two decimal places. The smallest price change shall be 0.01 points; this represents a value of 10 EUR.

2.2.13.8 Exercise

(1) Options may be exercised by the purchaser on any Exchange day during the term until the end of the Post-Trading Full Period (American style). The last exercise day shall generally be the last trading day (subsection 2.2.13.5 paragraph (2) sentences 1 and 2).

(2) The Eurex Exchanges shall inform the Exchange Participants on each of the last 10 Exchange days before the last trading day of an option series of options contracts then becoming due.

(3) Each Exchange Participant is responsible for exercising its options contracts. The Eurex Exchanges shall not automatically exercise any options contracts.

(4) In the event of an EDP failure, the Eurex Exchanges must receive a written exercise request from the Exchange Participant concerned (e.g., by letter or fax) no later than the end of the Post-Trading Full Period on or before the last trading day of the options contract. Any such request transmitted in writing to one of the Eurex Exchanges shall be deemed submitted to all Eurex Exchanges. The

exercise request shall be entered by the Eurex Exchanges to the extent possible using reasonable efforts.

(5) The exercise of an option entered during any day may be altered until the end of the Post-Trading Full Period on the date of entry.

2.2.13.9 Assignment

(1) All exercises shall be assigned to the writers of the exercised option series after the end of the Post-Trading Full Period. Assignments shall be binding. Exercises may be assigned throughout the term of an options contract, including on its expiration day (subsection 2.2.13.5 paragraph (2) sentence 3).

(2) The Exchange Participants and Clearing Members affected by any such assignment shall be notified thereof during the morning of the following Exchange day.

(3) Assignments shall be made through Eurex Clearing AG by a random selection process conducted in accordance with detailed rules. The assignment method shall be communicated to the Exchange Participants. Any change of such method shall become effective only after notice thereof.

(4) All assignments made for the Agent Position Account of an Exchange Participant shall be assigned by such Exchange Participant to the positions of its customers, on the basis of a procedure that ensures the neutrality of the assignment process.

(5) All assignments made for the Principal Position Accounts or M-position Accounts of an Exchange Participant must be performed by such Exchange Participant and may not be transferred onward to its customers.

2.2.13.10 Performance, Opening of Positions

(1) Exercised and assigned options contracts shall be performed through the opening of a long position (for the purchaser of a call) or a short position (for the purchaser of a put), or of a short position (for the writer of a call) or a long position (for the writer of a put), as the case may be, subsequent to the Post Trading Period of the exercise day; the opening of the applicable position shall occur through the EDP system of the Eurex Exchanges.

(2) Pursuant to the provisions of paragraph (1), Eurex Clearing AG shall open a position in the relevant futures contract for the Exchange Participant concerned; if the Exchange Participant is not a Clearing Member, subsection 1.2.2 paragraph (2) shall apply mutatis mutandis. The Exchange Participant shall have the corresponding obligation to its customers.

2.2.13.11 Futures Position

The applicable provisions of subsection 2.1.14.1 et seq. shall govern the futures position opened.