X-pand into the Future

e u r e x *circular 009/00*

Date: Frankfurt, 04 February 2000
Recipients: All Eurex members and vendors
Authorised by: Dr Jörg Franke

⚠ **Action Required** **Return Fax Reply**
Market Maker Application

Introduction of 17 Equity Options on Dutch, Italian, and French Dow Jones Euro STOXX 50 Equities

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Content may be most important for:

- ➲ Front Office / Trading
- ➲ Middle + Back Office
- ➲ IT / System Administration
- ➲ Auditing / Security Administration

Attachments:

- Full text of circular
- Market maker application form
- Fax Return - Underlying price procedure

Summary:

Eurex will introduce 17 new equity options based on Dow Jones Euro STOXX 50 equities. Introduction will take place in two stages:

1. Introduction of 6 Dutch and 3 Italian equity options on 20 March 2000
2. Introduction of 8 French equity options on 22 May 2000

The full circular provides details as follows:

1. **List of products with ISIN, WKN and Eurex system codes**
2. **Transaction Limits**
3. **Minimum size for Cross- and Pre-arranged trades**
4. **Block Trades**
5. **Simulation**
6. **Preliminary contract specifications**
7. **Market maker scheme**

Introduction will only take place on condition that there are at least 3 market makers per option. The application form is attached.

Before trading these new options, members must return the attached Fax reply relating to the source of the prices of the underylings (FWB) in the Eurex system.

Introduction of 17 Equity Options on Dutch, Italian, and French Dow Jones Euro STOXX 50 Equities.

On 19 January 2000 the Eurex Management Boards made the decision to introduce 17 new equity options based on Dow Jones Euro STOXX 50 equities from the Netherlands, Italy and France on Eurex.

The introduction of equity options based on a number of Dow Jones Euro STOXX 50 equities from the Netherlands, Italy and France will be a further step in the development of Eurex as a European exchange. Including the existing options on German and Finnish components of the index, a total of 32 individual Dow Jones Euro STOXX 50 equity options will then be tradable on Eurex.

The introduction will take place in two steps. The six Dutch and three Italian equity options will be introduced on 20 March 2000 and the eight French equity options will follow on 22 May 2000.

The launch of the new equity options will only take place under the condition that at least 3 market makers have applied for each single option. Please use the attached market maker application form for your application.

Physical delivery will be carried out basically in the same way as for German stock options via the CASCADE system of Deutsche Börse Clearing. You will receive detailed information on physical delivery through the central depository link of the respective home market in a later circular.

Price Publication

Unlike the existing procedure for German, Swiss and Finish equity options, Eurex will not publish prices from the home exchanges of these equities in the underlying zone of the trading screens. The source of the underlying prices of the new equity options in the Eurex system will be the FWB (Frankfurt Stock Exchange).

In practice, these prices will only be relevant for the price validation of block trades. Other Eurex option price calculations such as settlement prices or mis-trade reference prices will be based on the prices of the home exchanges.

Members who wish to trade the new equity options have to ensure that they are able to receive the underlying prices of the respective home exchange through an information vendor like Reuters or Bloomberg.

Please be aware that the prices which are published or displayed (e.g. in the underlying zone of screen C100) in the Eurex system are not valid for the pricing of these options.

Before trading the new options it is prerequisite for you to sign the attached fax reply concerning the underlying price data procedure. Please send it back to Eurex by 17 February 2000 to David Parr (Eurex, Member Readiness) Fax +49 (0)69 2101 1701.

Further information concerning the introduction procedure, the operational parameters and the clearing/settlement procedure of the underlyings will be published in a later circular. In the near future you will also receive revisions to the Exchange Rules, the Trading and Clearing Conditions, and the Price List.

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

1. List of Products

Equity Option	Country	Eurex System Code	WKN	ISIN
ENI	**Italy**	**ENT**	**897791**	**IT0001009890**
Generali	**Italy**	**ASG**	**850312**	**IT0000062072**
Tele. Italia	**Italy**	**SET**	**852568**	**IT0001127429**
Aegon	**Netherld.**	**AEN**	**858185**	**NL0000301745**
Philips St.	**Netherld.**	**PHI**	**922241**	**NL0000009504**
Unilever	**Netherld.**	**UNI**	**860028**	**NL0000009348**
ABN Amro	**Netherld.**	**AAR**	**880026**	**NL0000301109**
ING	**Netherld.**	**INN**	**881111**	**NL0000303568**
Royal Dutch	**Netherld.**	**ROY**	**907505**	**NL0000009470**
Aventis	**France**	**AVE**	**925700**	**FR0000130460**
France Telecom	**France**	**FTE**	**906849**	**FR0000133308**
Total Fina	**France**	**TOTB**	**850727**	**FR0000120271**
Carrefour	**France**	**CAR**	**852362**	**FR0000120172**
AXA-UAP	**France**	**AXA**	**855705**	**FR0000120628**
Vivendi	**France**	**GEX**	**853950**	**FR0000121436**
L'Oreal	**France**	**LOR**	**853888**	**FR0000120321**
BNP Paribas	**France**	**BNP**	**887771**	**FR0000131104**

2. Transaction Limits

Transaction limits for the respective products per day and per participant are set as follows:

4,000 Transactions each
3,000 Massquote-Release Transactions each

3. Minimum Size for Cross- and Pre-Arranged Trades

The minimum order sizes in accordance with subsection 1.3.3 of the Conditions for Trading for Cross and Prearranged Trades in the trading of the new stock options are 250 contracts, with the exception of L'Oreal with 50 contracts.

4. Block Trades

The minimum Block Trade size is 250 contracts with the exception of L'Oreal with 50 contracts.

5. Simulation

The following new stock options will be set up in the current permanent simulation environment: Telecom Italia (SET), Philips St. (PHI) and Aventis (AVE).

These products will be available in simulation as of Wednesday 16 February. Further information about the simulation calendar can be found in Eurex Circular 06/00.

6. Preliminary Contract Specifications

A. Stock Options on Dutch Shares *(OSTK)*

Contract Size

Generally, an options contract gives the buyer of a call the right to buy - or, in the case of a put, the right to sell - 100 shares of the underlying security.

Minimum Price Movement

Options prices have price gradations of EUR 0.01.

Delivery

Physical delivery of 100 shares of the underlying security.

Delivery Day

Three exchange trading days after the exercise (T+3).

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday.

Daily Settlement Price

The last-paid price of the trading day; or, if the last-paid price is older than 15 minutes or does not reasonably reflect actual market conditions, then Eurex will establish the official settlement price.

Exercise Period

American style, i.e. an option can be exercised up to 6:30 p.m. CET on any exchange trading day during the life of the option.

Expiration Months

The three nearest calendar months, as well as the following three months within the cycle January, April, July and October thereafter, and the following two October expiration months (i.e. up to a maximum lifetime of three years).

Exercise Prices

Options series may have the following exercise prices:

Exercise price in EUR	Exercise price gradation in EUR **
0 - 5	0.20
5.50 - 10	0.50
11 – 20	1.00
22 – 50	2.00
52.50 – 100*	2.50
55 – 200	5.00
>200	20.00

* only for the first and second expiration date in the at-the-money area

** for options within the annual October expiration cycle, the exercise price gradations are doubled

Optionable Stocks

The following equity options on Dutch stocks are tradable at Eurex:

ABN Amro	AAR
Aegon	AEN
ING	INN
Phillips	PHI
Royal Dutch	ROY
Unilever	UNI

Trading hours

9:30 a.m. until 4:30 p.m. CET.

Option Premium

Payable in full on the exchange trading day immediately following the buy date.

B. Stock Options on Italian Shares *(OSTK)*

Contract Size

Generally, an options contract gives the buyer of a call the right to buy - or, in the case of a put, the right to sell - 100 shares of the underlying security. Telecom Italia and ENI have a contract size of 500 shares.

Minimum Price Movement

Options prices have price gradations of EUR 0.01.

Delivery

Physical delivery of 100 respectively 500 shares of the underlying security.

Delivery Day

Five exchange trading days after the exercise (T+5).

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday.

Daily Settlement Price

The last-paid price of the trading day; or, if the last-paid price is older than 15 minutes or does not reasonably reflect actual market conditions, then Eurex will establish the official settlement price.

Exercise Period

American style, i.e. an option can be exercised up to 6:30 p.m. CET on any exchange trading day during the life of the option.

Expiration Months

The three nearest calendar months, as well as the following two months within the cycle March, June, September and December thereafter (i.e. up to a maximum of 9 months).

Exercise Prices

Options series may have the following exercise prices:

Exercise price in EUR	Exercise price gradation in EUR
0 - 5	0.20
5.50 - 10	0.50
11 – 20	1.00
22 – 50	2.00
52.50 – 100*	2.50
55 – 200	5.00
>200	20.00

* only for the first and second expiration date in the at-the-money area

Optionable Stocks

The following equity options on Italian stocks are tradable at Eurex:

Assicurazioni Generali	ASG
ENI	ENT
Telecom Italia	SET

Trading hours

9:30 a.m. until 5:30 p.m. CET.

Option Premium

Payable in full on the exchange trading day immediately following the buy date.

C. Stock Options on French Shares *(OSTK)*

Contract Size

Generally, an options contract gives the buyer of a call the right to buy - or, in the case of a put, the right to sell - 100 shares of the underlying security.

Minimum Price Movement

Options prices have price gradations of EUR 0.01.

Delivery

Physical delivery of 100 shares of the underlying security.

Delivery Day

Three exchange trading days after the exercise (T+3).

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday.

Daily Settlement Price

The last-paid price of the trading day; or, if the last-paid price is older than 15 minutes or does not reasonably reflect actual market conditions, then Eurex will establish the official settlement price.

Exercise Period

American style, i.e. an option can be exercised up to 6:30 p.m. CET on any exchange trading day during the life of the option.

Expiration Months

The three nearest calendar months, as well as the following two months within the cycle March, June, September and December thereafter (i.e. up to a maximum of 9 months).

Exercise Prices

Options series may have the following exercise prices:

Exercise price in EUR	Exercise price gradation in EUR
0 - 5	0.20
5.50 - 10	0.50
11 – 20	1.00
22 – 50	2.00
52.50 – 100*	2.50
55 – 200	5.00
>200	20.00

* only for the first and second expiration date in the at-the-money area

Optionable Stocks

The following equity options on French stocks are tradable at Eurex:

AXA-UAP	AXA
Aventis	AVE
BNP Paribas	BNP
Carrefour	CAR
France Telecom	FTE
L'Oreal	LOR
Total Fina	TOTB
Vivendi	GEX

Trading hours (CET)

9:30 a.m. until 5:00 p.m. CET.

Option Premium

Payable in full on the exchange trading day immediately following the buy date.

7. Market Maker Scheme

A) Dutch Equity Options

Quote Obligations

Minimum Size: 50 contracts on the bid and ask side in all option series.[1]

Maximum Spread:

Bid up to	***Spread***
1.33	0.20 EUR
6.66	15 %
999.80	1.00 EUR

Response to quote requests: At least 50 % of all Quote Requests have to be answered (to a max. of 150 quote requests per day)

-within 5 minutes

-with a minimum holding time of 10 seconds

Market Maker Fees:

Trade per contract	EUR 0.04
Exercise per contract	EUR 0.04

B) Italian Equity Options

Quote Obligations

Minimum Size: 50 contracts on the bid and ask side in all option series.[2]

Maximum Spread:

Bid up to	***Spread***
1.33	0.20 EUR
6.66	15 %
999.80	1.00 EUR

Response to quote requests: At least 50 % of all Quote Requests have to be answered (to a max. of 150 quote requests per day)

-within 5 minutes

-with a minimum holding time of 10 seconds

[1] For the “Fast Market“ product status a reduced Minimum Size of 25 contracts applies.

[2] For the “Fast Market“ product status a reduced Minimum Size of 25 contracts applies.

Market Maker Fees:	Trade per contract	EUR 0.04
	Exercise per contract	EUR 0.04

C) French Equity Options

Quote Obligations

Minimum Size: 50 contracts on the bid and ask side in all option series for Aventis, AXA-UAP, BNP Paribas, Carrefour, France Telecom, Total Fina, Vivendi. Exception is L'Oreal with a minimum size of 10 contracts.[3]

Maximum Spread:

Bid up to	***Spread***
1.33	0.20 EUR
6.66	15 %
999.80	1.00 EUR

Exception: L'Oreal

Bid up to	***Spread***
7.49	1.00 EUR
15	2.00 EUR
99.99	20%
9999.8	20.00 EUR

Response to quote requests: At least 50 % of all Quote Requests have to be answered (to a max. of 150 quote requests per day)

-within 5 minutes

-with a minimum holding time of 10 seconds

Market Maker Fees:	Trade per contract	EUR 0.04
	Exercise per contract	EUR 0.04

If you have any questions please contact Kai Distelmann (Eurex Product Development) Tel: +49 (0)69-2101-5797, E-Mail: Kai_Distelmann@exchange.de, or Ralf Dreyer Tel: +49-(0)69-2101-5705.

Frankfurt 04 February 2000

[3] For the "Fast Market" product status a reduced Minimum Size of 25 contracts applies. Exception is L'Oreal with a reduced minimum size of 5 contracts

Application for the Granting of Market Maker Licences at Eurex



Eurex

Product Development/Products

60284 Frankfurt am Main

(Fax: ++49 (0)69 2101-4461)

Applicant

Name of applying exchange participant

Address

Name of contact

Phone No. Fax No.

Application for the Granting of Market Maker Licences pursuant to Subsection 3.3 of the Eurex Exchange Rules

I. We herewith apply for admission as Market Maker pursuant to Subsection 3.3 of the Eurex Exchange Rules.

Provided that the applying company is admitted as an exchange participant at Eurex Zürich, this application also applies to Eurex Zürich.

The granting of a Market Maker Licence is applied for regarding the trading in

Option contracts on equities with the following underlying(s):

☐ AAR (ABN Amro)	☐ CAR (Carrefour)	☐ FME (Fresenius Med.Care)	☐ LONN (Lonza)
☐ ABBN (ABB)	☐ CBK (Commerzbank)	☐ FTE (France Telecom)	☐ LOR (L'Oreal)
☐ ADEN (Adecco)	☐ CIBN (Ciba Spezialitäten)	☐ FOT (Fortum Corporation)	☐ MAN (MAN)
☐ ADS (Adidas)	☐ CLN (Clariant)	☐ GEX (Vivendi)	☐ MEO (Metro)
☐ AEN (Aegon)	☐ CSGN (Credit Suisse Gr.)	☐ HEN3 (Henkel Vz.)	☐ MMN (Mannesmann)
☐ ALUB (Algroup)	☐ CSO (Consors)	☐ HEPE (Helsinki Tel. Corp.)	☐ MOB (Mobilcom AG)
☐ ALV (Allianz)	☐ DBK (Deutsche Bank)	☐ HOEC (Hoechst)	☐ MSRB (Metsä-Serla Corp.B)
☐ ASG (Generali)	☐ DCX (Daimler Chrysler)	☐ HOL (Holderbank)	☐ MUV2 (Münchner Rück.)
☐ AVE (Aventis)	☐ DHA (Degussa Hülst)	☐ HUKI (Huhtamäki I)	☐ NESN (Nestlé)
☐ AXA (AXA-UAP)	☐ DRB (Dresdner Bank)	☐ HVM (Bayer.Hypo-.Vereinsb.)	☐ NOA3 (Nokia Corporation A)
☐ BAS (BASF)	☐ DTE (Deutsche Telekom)	☐ INN (ING)	☐ NOVN (Novartis)
☐ BAY (Bayer)	☐ ENT (ENI)	☐ KAR (Karstadt)	☐ PHI (Philips St.)
☐ BMW (BMW)	☐ ENUR (StoraEnso R)	☐ LHA (Lufthansa)	☐ PRS (Preussag)
☐ BNP (BNP Paribas)	☐ ETV (EM. TV & Merchand.)	☐ LIN (Linde)	☐ RAN (Rentenanstalt)

☐ ROG (Roche Holding)	☐ SCMN (Swisscom)	☐ TKA (Thyssen Krupp)	☐ VIA (VIAG)
☐ ROY (Royal Dutch)	☐ SET (Tele. Italia)	☐ TOTB (Total Fina)	☐ VLM (Metso Corporation)
☐ RPL (UPM-Kymmene Corp.)	☐ SIE (Siemens)	☐ TTEB (TietoEnator Corp.)	☐ VOW (Volkswagen)
☐ RUKN (Schweiz. Rückv.)	☐ SMPA (Sampo Insurance)	☐ UBSN (UBS AG)	☐ ZUAN (Zurich Allied)
☐ RWE (RWE)	☐ SOY (Sonera Corporation)	☐ UHRN (The Swatch Group)	
☐ SAP3 (SAP Vz.)	☐ SRN (SAir Group)	☐ UNI (Unilever)	
☐ SCH (Schering)	☐ SUN (Sulzer)	☐ VEB (Veba)	

☐ ODAX
Option contracts on the German Stock Index (DAX®)

☐ OFOX
Option contracts on the Finnish Stock Index (FOX®)

☐ OEU3
Option contracts on the Three-Month Euribor Future

☐ OSMI
Option contracts on the Swiss Market Index (SMI®)

☐ OCNF
Option contracts on the CONF Future

☐ OGBL
Option contracts on Euro-BUND Futures

☐ OGBM
Option contracts on Euro-BOBL Futures

☐ OGBS
Option contracts on Euro-Schatz Futures

☐ ONOR
Option contracts on the Dow Jones Nordic STOXX 30

☐ OSTX
Option contracts on the Dow Jones STOXX 50

☐ OESX
Option contracts on the Dow Jones Euro STOXX 50

II. The functions associated with such Market Maker Licences will be carried out by the following persons who have already been admitted for trading at Eurex:

Name, first name	Product to be covered
Name, first name	Product to be covered
Name, first name	Product to be covered

We herewith declare that the persons listed above have the necessary professional and personal qualification to fulfil the Market Maker functions pursuant to Subsection 3.3 of the Eurex Exchange Rules.

III. We confirm that we know the Eurex Rules and Regulations and declare that we will comply with these provisions in their relevant current version.

Place and Date	Company Stamp and authorized Signature

February 2000

X-pand into the **Future**

e u r e x *Fax-reply*

Eurex Member Readiness
David Parr
FAX: +49 (0)69-2101-1701

Before trading the new options it is prerequisite for you to sign and return this fax reply. Please send it back to Eurex before 17 February 2000.

Underlying Price Data Feed for Dutch, Italian, and French Equity Options on Eurex

We confirm that we have taken notice and that we acknowledge by signing this fax-reply that Eurex will not publish the underlying prices from the respective home exchange for the Dutch, Italian and French equity options in the Eurex system (e.g. in the 'underlying' zone of the C100 Screen). The price source for publication of underlying prices for the new equity options is the FWB (Frankfurt Stock Exchange).

We are aware that these prices are only relevant for the price validation for block trades and understand that all Eurex option price calculations such as settlement prices or mis-trade reference prices will be based on the prices of the respective home exchange.

We are conscious of the fact that this procedure is different from the procedure for the existing German, Swiss and Finnish equity options on Eurex.

We accept and acknowledge by signing and returning this fax-reply that being aware of the above-acknowledged facts is an absolute prerequisite for trading the above-mentioned equities.

Date: _____

Company: _____

Name and Signature: _____