X-pand into the Future

e u r e x *circular 004/04*

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⚠ **Action Required** ⚠ **High Priority**

Update - Further Measures to Increase Volume in the French Stock Option Segment

Related Eurex Circulars: 017/03, 025/03, 133/03

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Content may be most important for:	**Attachment:**
➲ All departments	Market Maker Quote Obligations

Building on the measures which were introduced in March 2003, the Management Boards of the Eurex Exchanges took a number of decisions to increase liquidity in the French stock option segment further. These measures will come into force on January 19, 2004.

Please see circular 133/03 for a more detailed description of these measures.

The current circular contains an update to the Market Maker Quote Obligations.

Market Maker Quote Obligations

And Quote Spread Classification of Stock and EXTF Options

1. Obligations for Quotation on Request on Stock and EXTF Options

Minimum Size: 20 contracts on the bid and ask side in all option series, except for the following which have a minimum size of 50 contracts:

Options on German Stocks

- Allianz, BASF, Bayer, BMW, DaimlerChrysler, Deutsche Bank, Deutsche Telekom, E.ON, Hypo-Vereinsbank, Metro, Münchener Rückversicherung, RWE, SAP, Siemens, ThyssenKrupp, VW.

Options on Finnish Stocks

- Nokia

Options on Swiss Stocks

- Credit Suisse Group N, Nestlé N, Novartis N, Swisscom, Schweizerische Rückversicherung N, UBS N, Roche Holding

Options on French Stocks

- Minimum size for all options is 50, except Air Liquide, Danone and Total for which it is 20.

Maximum Spread:

Stock and EXTF Options quoted in EUR

Class I		**Class II**		**Class III**	
Bid up to	*Spread*	*Bid up to*	*Spread*	*Bid up to*	*Spread*
0 - 1.00	0.20	0 - 2.00	0.40	0 - 5.00	1.00
1.01 - 15.00	20%	2.01 - 30.00	20%	5.01 - 50.00	20%
> 15.00	3.00	> 30.00	6.00	> 50.00	10.00

Stock and EXTF Options quoted in CHF

Class I		**Class II**		**Class III**	
Bid up to	*Spread*	*Bid up to*	*Spread*	*Bid up to*	*Spread*
0 - 2.00	0.40	0 - 5.00	1.00	0 - 15.00	3.00
2.01-15.00	20%	5.01-30.00	20%	15.01 - 75.00	20%
> 15.00	3.00	> 30.00	6.00	> 75.00	15.00

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

- within one minute

- with a minimum holding time of ten seconds.

Market Maker Fees: See Price List.

Fast Market: In the Fast Market state, the maximum spreads will increase by 50 percent, and the minimum quote size will be reduced by 50 percent

Market Maker Quote Obligations

And Quote Spread Classification of Stock and EXTF Options

2. Quote Obligations for Dutch Stock Options

Minimum Size and Maximum Spreads* for Quotation on Request and Permanent Quotation

		DJ EURO STOXX 50 Components	Non-DJ EURO STOXX 50 Components
Term: Minimum Quote Size	**Bid Price**	**Maximum Spread**	**Maximum Spread**
< 12 months : **On Request: 20 Contracts** **Permanent: 50 contracts**	0.00 – 0.50	0.15	0.15
	0.51 – 2.50	0.15	0.20
	2.51 – 5.00	0.20	0.30
	5.01 – 10.00	0.30	0.40
	10.01 – 20.00	0.40	0.50
	>20.00	0.60	0.65
12- 24 months **On Request 20 Contracts** **Permanent: 30 contracts**	0.00 – 0.50	0.15	0.20
	0.51 – 2.50	0.15	0.30
	2.51 – 5.00	0.20	0.40
	5.01 – 10.00	0.30	0.50
	10.01 – 20.00	0.40	0.60
	>20.00	0.60	0.70
> 24 months: **On Request: 20 contracts** **> 24 to 36 months** **Permanent: 20 Contracts**	0.00 – 0.50	0.15	0.30
	0.51 – 2.50	0.20	0.40
	2.51 – 5.00	0.30	0.50
	5.01 – 10.00	0.40	0.60
	10.01 – 20.00	0.50	0.70
	>20.00	0.60	0.80

*** The Maximum Spreads apply to both Quotation on Request and Permanent Quotation**

Quotation on Request

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

- within one minute
- with a minimum holding time of ten seconds.

Market Maker Fees: See Price List.

Fast Market: In the Fast Market state the maximum spreads will increase by 50 percent and the minimum quote size will be reduced by 50 percent.

Permanent Quotation

Committed Quotation time: Average of 90 percent of the period from 08:50 to 17:30 CET (calculated on a daily average) on each Exchange trading day per calendar month for all expirations up to 36 months. PMMs will be obliged to quote Calls and Puts in expirations up to three years for all at-the-money series. Additionally, quotes are required on two in-the-money or out-of-the-money series on either side (asymmetrical quoting is allowed) such that a total of six quotes are outstanding.

Exemption from Obligation Three Exchange trading days per month

Market Maker Fees: See Price List

Fast Market: In the Fast Market state, the maximum spreads will increase by 50 percent and the minimum quote size will be reduced by 50 percent.

3. Permanent Quotation Obligations for Swiss, Italian, US and French Stock Options and the SMI Option

Committed Quotation Time:

Six hours and 40 minutes of the trading day for Swiss stock options,
Six hours and 40 minutes of the trading day for Italian stock options,
Six hours and 40 minutes of the trading day for US stock options,
Six hours and 40 minutes of the trading day for French stock options,
Six hours and 40 minutes of the trading day for SMI® options,

on exchange trading days for six of the first seven expirations.

Calls and puts for four strikes from a strike price window of seven strikes around the current underlying price must be quoted. Asymmetrical quoting is allowed, meaning that the strike prices chosen for calls and puts need not be identical.

Exemption from Obligation:

Three trading days per month; the shortfall must be compensated for from additional coverage on the remaining trading days of the month so that an average coverage equal to or greater than the committed quotation time is achieved over the month.

Minimum Quote Sizes and Maximum Spreads for Stock Options:

In line with market making obligations for quotation on request.

Minimum Quote Sizes and Maximum Spreads for SMI Options:

Maturity	Bid up to (index points)	Maximum spread (index points)
≤ 24 months	0 - 26,6	4,0
	26,7 - 266,6	15%
	266,7 - 9.999,8	40,0
25 – 60 months	0 - 26,6	8,0
	26,7 - 266,6	30%
	266,7 - 9.999,8	80,0

Market Maker Fees:

See Price List

Fast Market State:

In the Fast Market state, the maximum spreads will increase by 50 percent for equity options and 100 percent for index options; the minimum quote size will be reduced by 50 percent.

4. Quote Spread Classification – Stock and EXTF Options Quoted in Euro

German Stock Options

Class I		Class II		Class III	
Adidas	ADS	Allianz	ALV	Porsche	POR3
Altana	ALT	Deutsche Bank	DBK	SAP	SAP
BASF	BAS	Muenchner Rueckversicherung	MUV2		
Bayer	BAY				
BMW	BMW				
Commerzbank	CBK				
Continental	CON				
Consors	CSO				
DaimlerCrysler	DCX				
Degussa	DGX				
Deutsche Boerse	DB1				
Deutsche Post	DPW				
Deutsche Telekom	DTE				
E.ON	EOA				
Epcos	EPC				
Fresenius Medical Care	FME				
Henkel	HEN3				
HypoVereinsbank	HVM				
Infineon	IFX				
Karstadt Quelle	KAR				
Lufthansa	LHA				
Linde	LIN				
MAN	MAN				
Metro	MEO				
MLP	MLP				
RWE	RWE				
Schering	SCH				
Siemens	SIE				
ThyssenKrupp	TKA				
TUI	TUI				
VW	VOW				

Market Maker Quote Obligations

And Quote Spread Classification of Stock and EXTF Options

Neuer Markt Stock Options

Class I		Class II		Class III	
Aixtron	AIX				
EM.TV	ETV				
Intershop	ISH1				
Mobilcom	MOB				
Qiagen	QIA				
T-Online	TOI				

French Stock Options

Class I		Class II		Class III	
ACCOR	ACR / ACR5	Air Liquide	AIR / AIR5		
AGF	AGF / AGF5	Casino Guichard	CAJ / CAJ5		
Alcatel	CGE / CGE5	Groupe Danone	BSN / BSN5		
Aventis	AVE / AVE5	L'Oréal	LOR / LOR5		
AXA	AXA / AXA5	Pinault-Printemps	PPX / PPX5		
BNP Paribas	BNP / BAP5	Société Générale- A	SGE / SGE5		
Bouygues	BYG / BYG5	Total	TOTB / TOT5		
CAP Gemini	CGM /CGM5				
Carrefour	CAR / CAR5				
Crédit Agricole	XCA / XCA5				
Dexia	DXB / DXB5				
EADS	EAD / EAD5				
France Télécom	FTE / FTE5				
Lafarge	CIL / CIL5				
LVMH	MOH / MOH5				
Orange	OAG				
Peugeot	PEU / PEU5				
Renault	RNL / RNL5				
Saint-Gobain	GOB / GOB5				
Sanofi-Synthelabo	SNW / SNW5				
Schneider Electric	SND / SND5				
Sodexho Alliance	SJ7 / SJ75				
STMicroelectronics	SGM / SGM5				
Suez	LYO / LYO5				
TF1	FSE / FSE5				
Thales	CSF / CSF5				
Thomson	TNM / TNM5				
Veolia Environnement	VVD / VVD5				
Vinci	SQU / SQU5				
Vivendi Universal	VVU / VVU5				

Market Maker Quote Obligations

And Quote Spread Classification of Stock and EXTF Options

Finnish Stock Options

Class I		Class II		Class III	
Elisa Communications	EIA				
Stora Enso	ENUR				
Nokia	NOA3				
Telia/Sonera	TLSN				
TietoEnator	TTEB				
UPM-Kymmene	RPL				

EXTF Options Quoted in Euro

Class I		Class II		Class III	
DAX EX	EXS1				
DJ EURO STOXX 50 EX	EXW1				
Fresco DJ EURO STOXX 50	FRC1				
iShares DJ EURO STOXX 50 LDRS	EUN2				

Italian Stock Options

Class I		Class II		Class III	
Assicurazioni Generali	ASG				
ENI	ENT				
Telecom Italia	TQI				

U.S. Stock Options

Class I		Class II		Class III	
Cisco	CIS	IBM	IBM		
Citigroup	TRV				
EMC	EMP				
General Electric	GEC				
Intel	INL				
Microsoft	MSF				
Oracle	ORC				
SUN	SSY				
Time Warner	AOL				

Market Maker Quote Obligations

And Quote Spread Classification of Stock and EXTF Options

Dutch Stock Options

Stock Option	Eurex Code	DJ Euro STOXX 50 Component
ABN Amro	AAR	Y
Aegon	AEN	Y
Akzo Nobel	AKU	N
Ahold	AHO	Y
ASML Holding	ASM	N
ING	INN	Y
DSM	DSM	N
Elsevier	ELV	N
Fortis	FO4	Y
Getronics	GTO	N
Hagemeyer	HMY	N
Heineken	HNK	N
IHC Caland	IHC	N
Buhrmann	KNP	N
KPN	KPN	N
Numico	NUT	N
Philips	PHI1	Y
Royal Dutch	ROY	Y
TPG	TPG	N
Unilever	UNI	Y
Van der Moolen Holding	VMH	N
VNU	VNU	N
Wolters Kluwer	WOS	N

5. Quote Spread Classification – Options Quoted in CHF

Swiss Stock Options

Class I		Class II		Class III	
ABB	ABB2	Givaudan	GIVN	Serono	SEO
Adecco	ADEN	Julius Bär Holding	BAER	SGS Surveillance	SGSN
Baloise	BALN	Nestlé	NESN		
Ciba Spezialitätenchemie	CIBN	Schweizerische Rückversicherung	RUKN		
Cie Financière Richemont	CFR	Sulzer	SUN		
Clariant	CLN	Swiss Life Holding	SLHN		
Credit Suisse Group	CSGN	Swisscom	SCMN		
Holcim N	HOLN	Unaxis Holding	UNAX		
Kudelski	KUD	Zurich Fin. Services	ZURN		
Lonza	LONN				
Novartis	NOVN				
Roche Holding	ROG				
Syngenta	SYNN				
The Swatch Group	UHRN				
UBS	UBSN				

EXTF Options Quoted in CHF

Class I		Class II		Class III	
XMTCH on SMI	XMT				