X-pand into the Future

e u r e x *circular 006/04*

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Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

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

Further Initiatives in the Dutch Stock Option Segment

Related Eurex Circulars: 050/02, 112/02
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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office	None

Summary:

In support of the Dutch equity option segment at Eurex and in order to increase the attractiveness of this segment, the Management Boards of the Eurex Exchanges have approved the following measures with effect from January 2, 2004:

- Continuation of the performance participation model in this equity option segment from January 2, 2004 until December 31, 2004
- Reimbursement of transaction fees for permanent quotation by Market Makers
- Offsetting of OTC Block Trades against the minimum transaction fee for Introducing Brokers
- Special entry package for new Eurex members (Introducing Brokers and Market Makers) doing business in Dutch equity options

This circular contains detailed information on the following topics:

- Performance participation
- Conditions for offsetting OTC Block Trades against the minimum transaction fee
- Description of the entry package for new Market Makers and Introducing Brokers

Further Initiatives in the Dutch Stock Option Segment

In support of the Dutch equity option segment at Eurex and in order to increase the attractiveness of this segment, the Management Boards of the Eurex Exchanges have approved the following measures with effect from January 2, 2004.

1. Continuation of Performance Participation

Performance participation will continue from January 2, 2004 until December 31, 2004 and is defined as follows:

- The total sum available for performance participation in the Dutch segment will be set at 50 percent of the monthly transaction fees for trading and clearing Dutch stock options.
- Performance participation will be calculated according to the existing procedure published in circular 112/02.

2. Extension of Reimbursement of Transaction Fees for Permanent Quotation by Market Makers

It is possible for Market Makers to quote all Dutch stock options on a permanent basis. However, transaction fees for Dutch stock options traded on the M account will only be fully reimbursed to Market Makers for the stock option contracts they quote on a permanent basis. Reimbursements apply for the period January 2, 2004 to December 31, 2004, provided that Market Makers fulfill their obligations.

3. Offsetting of OTC Block Trades against the Minimum Transaction Fees for Introducing Brokers

In the following circumstances, Introducing Brokers, acting as mere intermediaries for OTC Block Trades between two counterparties, will have the OTC Block Trades they arranged offset against the minimum transaction fee of 9,000 euro per quarter until December 31, 2004:

- Proof that a total volume of at least 45,000 contracts per quarter in OTC Block Trades in Dutch stock options has been arranged
- Proof is to be submitted to Eurex at the end of each and every month for each individual OTC Block Trade contract arranged

4. Entry Package for new Eurex Members (Introducing Brokers and Market Makers) in Dutch Stock Options

In support of the continued expansion of the Dutch stock option segment at Eurex, the Management Boards of the Eurex Exchanges have decided to facilitate Eurex membership for Market Makers and Introducing Brokers, who are not yet Eurex Exchange Members, by introducing the following package:

4.1 New Market Makers

If Eurex membership has been applied for during 2004, Eurex will provide the following assistance to set up infrastructure:

- A contribution of 1,000 euro per month and Market Maker towards infrastructure costs for a period of twelve months
- Exemption from minimum transaction fees for the first twelve months of Eurex membership

To obtain these benefits Market Makers must meet the following conditions:

- Quote at least one Dutch stock option on a permanent basis or at least two Dutch stock options on a regular basis

and

- Fulfill quotation obligations on a monthly basis

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4.2 New Introducing Broker

If Eurex membership has been applied for during 2004, Eurex will provide the following assistance to set up infrastructure:

- A contribution of 1,000 euro per month and Introducing Broker towards infrastructure costs for a period of twelve months
- Exemption from minimum transaction fees for the first twelve months of Eurex membership

To obtain these benefits evidence must be provided that at least 45,000 contracts per quarter in OTC Block Trades in Dutch stock options have been arranged.

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