# e u r e x *rundschreiben*

To: The m em bers of Eu rex Deu tschla nd
Date: Frankfurt, July 22, 1998
Reference: CH

**Introduction of Eu ribor a nd Eu ro-LIBOR Products a t Eu rex**

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**C ircu la r 40/98**

Dea r Sir or M a da m ,

The Eu rex Deu tschla nd G ener a l M a nage m ent has decided to introduce O ne- a nd Three-M onth Eu ribor Fu tu res, a n option on the Three-M onth Eu ribor Fu ture a s w ell as pa ra llel Three-M onth Eu ro LIBO R Fu tu res, su bject to a pprova l by the Excha ng e Cou ncil for the relev a nt a m end m ents to the Ru les a nd Regu la tions.

**1. La u nch da te**

The la u nch da te sched u led for a ll three fu tu res contra cts is **Frida y, Septe m ber 18, 1998.** The la u nch da te for the option on the Three-M onth Eu ribor Fu ture is sched u led for **Tu esda y, Septe m ber 22, 1998**.

**2. Contra ct specifica tions**

As of the sta ted la u nch da tes, the contra ct m onths fro m Ja nu a ry to Ju ne 1999 w ill be a va ila ble for tra ding in the O ne-M onth Eu ribor Fu ture; in the Three-M onth Eu ribor a nd Three-M onth Eu ro-LIBO R Fu ture, the three su ccessive ca lenda r m onths Ja nu a ry to M a rch 99 a s w ell as the 11 nea rest qu a rter-end m onths (Ju ne 99 to Dece m ber 2001) w ill be a va ila ble. The Eu ribor Option is tra da ble w ith the end-of-qu a rter expira tions fro m M a rch to Dece m ber 1999. Ana log ous to the expiring Eu ro m a rk series (see circu la r no. 27/98), the O ne-M onth Eu ribor Fu tu res ca n have a ter m of up to six m onths, the Three-M onth Fu ture a ter m of up to three yea rs a nd the Eu ribor Option, a ter m of up to one yea r. The m ini u m price m ove m ent is 0,005 per centa g e points, representing a va lu e of 12.50 ECU for the fu tu res a nd for the option, respectively. In conju nction w ith the conversion to eu ros, the product

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currency will be changed over 1-to-1 from Ecu to euros. For more detailed information on the products, please refer to the enclosed contract specifications **(Enclosure 1).**

**3. Codes**

The following system codes, security ID numbers and ISIN numbers are valid for the Euro Money-Market derivatives:

| Product | System codes | SIN | ISIN no. |
|---|---|---|---|
| One-Month Euribor Future | FEU1 | 965 313 | DE0009653139 |
| Three-Month Euribor Future | FEU3 | 965 314 | DE0009653147 |
| Option Three-Month Euribor Future | OEU3 | 965 315 | DE0009653154 |
| Three-Month Euro-LIBOR Future | FLIB | 965 316 | DE0009653162 |

**4. Trading hours**

The trading hours for the Euro Money Market products are as follows:

| | |
|---|---|
| Pre-trading phase | 7:30 a.m. to 8:30 a.m. |
| Opening/Trading | **8:30*a.m. to 7:00 p.m.** |
| Post-Trading | 7:00 p.m. to 7:30 p.m. |

* Trading in the One-Month Euribor Future opens at 8:45 a.m..

**5. Transaction fees**

The transaction fees are 0.25 Ecu per contract. The fees for trading on M accounts in the option on the Three-Month Euribor Future are 0.05 Ecu.

**6. Waiver of transaction fees**

As a result of the introduction of euro-based money-market products, the transaction fees in all DM-based and Ecu/Euro-based money market products will be waived **from September 18, 1998 up to and including March 15, 1999** (expiration March 99 contract). Moreover, at the end of the contract term, Eurex is offering all members the opportunity to participate in a **further, volume-linked fee waiver in the Three-Month Euro Money Market products**. Members who, based on their combined ranking (Three-Month Euromark, Three-Month Euribor and Three-Month Euro-Libor Future) in the period from 09/01/1998 to 03/15/1999, **have traded at least 150,000 contracts and are among the first 10 members in the mentioned ranking, shall receive until the expiration date of the December 1999 contract** (12/13/1999) a **further refund of transaction fees in Three-Month Euribor and Three-Month-Euro-Libor Futures**.

**7. Business cost contribution**

We are also offering interested members to apply for a **business cost contribution** to be granted by Eurex **in conjunction with the trading activities** at Eurex **in Three-Month Money-Market Futures**.

Eurex intends to promote applicants with the potential to transact larger trading volumes by granting a business cost contribution. A total of 20 Eurex members who submit a binding, written declaration of their interest in a business cost contribution and are chosen for this program will receive an amount of up to **150,000 DM plus German value-added tax**. This sum is intended to support them in creating the infrastructure that is necessary for trading larger volumes in these products. The application form is provided in **Enclosure 2**.

The participants who receive the business cost contribution have to **trade at least 150,000 contracts in Eurex Three-Month Money-Market Products** (Three-Month Euribor, Three-Month Libor and/or Three-Month Euromark Futures) on A/P and/or M accounts within a period of **six and a half months (from 09/01/1998 to 03/15/1999)**. The business cost contribution is also contingent upon the participants' assurance that they have already incurred expenditures for the designated purpose this year in an amount at least equal to the business cost contribution we have granted them in advance, or their binding declaration that they will apply this amount for such purposes before the end of 1998. These **infrastructure measures**, such as the procurement of hardware, software and personnel as well as advertising outlays for product promotion, have to be **itemized and evidenced in writing**. A form to that effect is provided in **Enclosure 3** to this circular.

In return, Eurex will grant the 20 members chosen a contribution **in an amount of up to DM 150,000 per participant** for the costs incurred in conjunction with the activities in the trading of money-market futures; the **first part to be paid out in an amount of DM 50,000 with the beginning of the agreement** (01/09/1998) and the **second part in an amount at the end of the term of the business cost contribution on March 15, 1999 when the stipulated threshold volume of 150,000 contracts** is reached. The second partial payment will not be made if the required volume has not been reached by the end of the term of the agreement on 03/15/1999 .

The number of participants in the business cost contribution program for Three-Month Money-Market Futures is limited to a maximum of 20 Eurex members. If the number of applications received exceeds the number of openings, the time at which the application is received **(see Enclosure 2)** and the completeness of the information in the Statement of Consent and Formal Obligation **(see Enclosure 3)** will be the deciding factor for the choice of the 20 Eurex members**. In the case of affiliated firms, only one such firm admitted to trading at Eurex will be granted the business cost contribution**, even if applications are submitted by several affiliated firms with their own Eurex membership.

All participants who are accepted for the business cost contribution will be informed by writing in the middle of August.

**8. Market Making and Broking**

Eurex is offering interested Eurex members the opportunity to actively support and market the launch of Euro Money Market products at Eurex as market makers and/or brokers. This will ensure that the necessary basis liquidity is provided for when the contracts are launched and that Eurex marketing activities are supported accordingly.

As a Designated Market Maker for One- and Three-Month Euribor and Three-Month Euro-Libor Futures, the Eurex participant assumes a binding obligation to quote binding bid and ask prices for a specified minimum number of contracts within maximum spreads during a specified period of time. In return, Eurex will fully reimburse all trading and clearing fees for the contracts concluded by the Designated Market Makers on M accounts, initially for the period ending on June 30, 1999.

In consultation with the potential market makers, the following model was devised for Designated Market Making in the Euro Money Market Futures:

Design of Designated Market Making:

| Contract Months | Quote Size | Bid/Ask Spread | Time | Contract Months | Quote Size | Bid/Ask Spread | Time |
|---|---|---|---|---|---|---|---|
| *Product: 3-Mo Euribor/Euro-LIBOR Future* | | | | *Product: 1-Mo Euribor Future* | | | |
| 1/2 | 100 | 3 Ticks | 65% | 1 | 100 | 4 Ticks | 60% |
| 3/6 | 100 | 3 Ticks | 65% | 2 | 100 | 4 Ticks | 60% |
| 9 | 100 | 3 Ticks | 65% | 3 | 100 | 4 Ticks | 60% |
| 12 | 100 | 4 Ticks | 65% | 4 | 100 | 4 Ticks | 60% |
| 15/18/21/24 | 100 | 4 Ticks | 65% | 5 | 100 | 4 Ticks | 60% |
| 27/30/33/36 | 100 | 5 Ticks | 60% | 6 | 100 | 4 Ticks | 60% |

Note: One tick equals 0.005 percentage points. The quotation time refers to the total trading time on a monthly average.

Within the framework of the quote obligation, at least five contract months must be quoted in the Three-Month Euro Futures and at least six contract months in the One-Month Euribor Future. If at least 10 contract months are quoted, the reduced quotation time of 50 percent shall be the basis for granting a fee refund at a later time. The application form for prospective Designated Market Makers as well as the Quote Obligations are provided in **Enclosure 4**.

As a Market Maker in the option on Three-Month Euribor Futures, the Eurex member assumes a binding obligation to quote bid and ask prices upon request (Quote Request) for a specified minimum number of contracts in conjunction with a maximum spread over a certain period of time. The application form for market-making as well as the quote obligations are provided in **Enclosure 5**.

**Designated Broking**

To promote agency business, Eurex is offering interested members the opportunity to participate in Designated Broking in all money-market derivatives. As a Designated Broker, the Eurex participant agrees to actively market the respective money-market derivatives. In return, Eurex publishes the name of the Designated Broker in advertising and informative materials and makes speakers available for events. The Designated Broking agreement is also limited to the period ending June 30, 1999. To apply for Designated Broking in one or more money-market products, please use the form in **Enclosure 6**.

Eurex is asking all interested Eurex members to complete and return the applications for Market Making and/or Designated Broking by fax (+49-69/2101-4461) no later than **August 6, 1998**.

**9. ECU Clearing of Euro Money-Market Products**

As with the Eurex STOXX products all payments in connection with the Euro Money Market derivatives will be cleared in ECU until the start of European Monetary Union. Since the Landeszentralbank (LZB, the regional Bundesbank office in the State of Hesse) does not clear foreign-currency transactions, the usual payments procedure for the other Eurex contracts with regard to debits and credits resulting from the daily valuation of positions, exercises and final settlement invoicing cannot be used for ECUs until the beginning of the European Monetary Union. Pursuant to subsection 1.2.5 paragraph (3) of the Clearing Conditions, Deutsche Börse Clearing AG will be in charge of the clearing for payments in foreign currencies. Deutsche Börse Clearing AG will run foreign-currency accounts for Eurex and for every Deutsche Börse Clearing Member in all currencies that are relevant for Eurex business. In the case of the Euro Money Market derivatives, these will be ECU accounts. The balances determined in the daily Eurex batch-processing for every foreign currency and Clearing Member will be transmitted electronically to Deutsche Börse Clearing AG indicating the value date (for ECU payments, T+2, i.e. on the second day after the debits/credits were posted). Deutsche Börse Clearing AG will then debit and credit the relevant accounts for the indicated value date in their foreign-currency bookkeeping. The Clearing Members have an obligation to ensure that payments can be debited from their foreign-currency accounts. To do this, they must ensure that their account is covered on the due date by making timely payment to the Deutsche Börse Clearing AG account at the respective correspondent bank of Deutsche Börse Clearing AG. The correspondent bank of Deutsche Börse Clearing AG for ECU payments is Deutsche Bank Frankfurt.

Payments in favor of an account held by the participant at Deutsche Börse Clearing AG should be paid into the ECU account no. **971185400** of Deutsche Börse Clearing AG at Deutsche Bank AG in Frankfurt. The SWIFT address of Deutsche Bank is **DEUTDEFF**, the SWIFT address of Deutsche Börse Clearing AG is **DAKVDEFF**.

The following deadlines are applicable to the clearing of ECU payments in connection with the Euro Money Market derivatives:

In consultation with the Working Committee for Clearing, the value dates for ECU payments were fixed at T+2. The amounts to be debited and credited are calculated in ECU in the daily batch processing and subsequently transmitted to the members (system report) as well as to Deutsche Börse Clearing AG (list of balances). If a Clearing Member's ECU account to be debited does not have sufficient cover on the value date, this must be provided by payment in accordance with the above specifications. These payments have to be advised vis-à-vis Deutsche Börse Clearing AG by 3:00 p.m. (Frankfurt time) on the day preceding the value date (T+1) by SWIFT Message MT210 or on-line by entering a cash receipt under the transaction code "OKEDI", function code "NA" and business type GEA, in OLGA. The payment must have then been received on the ECU account of Deutsche Börse Clearing AG at Deutsche Bank by 10:00 a.m. Frankfurt time on the value date (T+2). The SWIFT Message MT202 that is generated in the process is routed to Deutsche Börse Clearing AG immediately after it has been received by Deutsche Bank. Deutsche Börse Clearing AG will then credit the amount received to the Clearing Member's ECU account. Payment instructions of Clearing Members for credit balances on their ECU account can be issued for same-day disbursement by 12:00 noon Frankfurt time. This can be done over SWIFT or on-line by entering a cash disbursement under the transaction code "OKEDI", function code "NA" and business type GDA, in OLGA.

If you have any questions about the ECU clearing for the Money Market derivatives, please do not hesitate to call Stefan Brendgen at +49-69-2101-5743. If you have any questions about the Euribor

and Euro-LIBOR products, please contact Christine Heyde (phone +49-69/2101-5698, e-mail: christine_heyde@exchange.de).

Yours faithfully

Jörg Franke Christian Klapproth

Enclosures

**Enclosure 1**

# Eurex

## Preliminary Specifications

## - Three Month Euro-Libor Interest Rate Futures Contract –

| | |
|---|---|
| **Contract Standard** | Interest rate for three-month deposits in Euro. |
| **Contract Size** | Ecu 1,000,000 |
| **Quotation** | In percent with three decimal places, as 100 minus the going rate of interest. |
| **Minimum Price Movements** | 0.005 percent, representing a value of Ecu 12.5. |
| **Contract Terms** | Settlement months are available for the three nearest calendar months as well as the next 11 quarterly months (March, June, September and December) i.e. up to a maximum term of 3 years. |
| **Settlement** | Cash settlement payable on the first exchange trading day after the last trading day. |
| **Last Trading Day and Notification, Final Settlement Day** | Two exchange trading days prior to the third Wednesday of the respective settlement month - provided that on this day the British Bankers' Association has determined the reference interest rate LIBOR relevant to three-month cash deposits in Euro, otherwise the preceding trading day. Trading in the settling contract ends at 11.00 a.m. London time. |
| **Daily Settlement** | For each contract, profits and losses arising out of open positions on any trading day will be determined at the end of the Post-Trading period and credited or debited from the internal cash clearing account. For open positions from the previous exchange trading day, the amount to be credited or debited is equal to the difference between the daily settlement prices of the contract on the relevant exchange trading day and the previous exchange trading day. For trades on the relevant trading day, the amount to be credited or debited is equal to the difference between the price at which the trade was concluded and the daily settlement price for this day. |

**Enclosure 1**

# Eurex

## Preliminary Specifications

## - Three Month Euro-Libor Interest Rate Futures Contract –

| | |
|---|---|
| **Daily Settlement Price** | Volume-weighted average of the prices of the last five trades if they are no more than 15 minutes old, or the volume-weighted average of the prices of all trades that occurred during the last minute of trading, if more than five trades occurred during this period of time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will fix the settlement price. |
| **Final Settlement Price** | Eurex fixes the final settlement price based on the British Bankers' Association Interest Settlement Rate (BBA LIBOR) for three-month deposits in Euro at 11.00 on the Last Trading Day. To fix the final settlement price, the rate is rounded to three decimal places by Eurex and subtracted from 100. If required the rate is rounded to the next possible pricing interval (0.005 or 0.01 percentage points or a multiple thereof). If the fourth decimal place is exactly 5 then the rate is rounded down (e.g. a BBA LIBOR of 3.12550 becomes 3.125). |
| **Margin** | Eurex determines the daily margin requirement using its Risk Based Margining method. |

**Enclosure 1**

# Eurex

## Preliminary Specifications

## - Three Month Euribor Interest Rate Futures Contract -

| | |
|---|---|
| **Contract Standard** | European Interbank Offered Rate (EURIBOR) for three-month deposits in Euro. |
| **Contract Size** | Ecu 1,000,00 . |
| **Quotation** | In percent with three decimal places, as 100 minus the going rate of interest. |
| **Minimum Price Movements** | 0.005 percent, representing a value of Ecu 12.5. |
| **Contract Terms** | Settlement months are available for the three nearest calendar months as well as the next 11 quarterly months (March, June, September and December) i.e. up to a maximum term of 3 years. |
| **Settlement** | Cash settlement payable on the first exchange trading day after the last trading day. |
| **Last Trading Day and Notification, Final Settlement Day** | Two exchange trading days prior to the third Wednesday of the respective settlement month - provided that on this day the Banking Federation of the European Union (FBE) has determined the reference interest rate EURIBOR relevant to three-month cash deposits in Euro, otherwise the preceding trading day. Trading in the settling contract ends at 11.00 a.m. Brüssels time. |
| **Daily Settlement** | For each contract, profits and losses arising out of open positions on any trading day will be determined at the end of the Post-Trading period and credited or debited from the internal cash clearing accoount. For open positions from the previous exchange trading day, the amount to be credited or debited is equal to the difference between the daily settlement prices of the contract on the relevant exchange trading day and the previous exchange trading day. For trades on the relevant trading day, the amount to be credited or debited is equal to the difference between the price at which the trade was concluded and the daily settlement price for this day. |

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# Eurex

## Preliminary Specifications

## - Three Month Euribor Interest Rate Futures Contract -

| | |
|---|---|
| **Daily Settlement Price** | Volume-weighted average of the prices of the last five trades if they are more than 15 minutes old, or the volume-weighted average of the prices of all trades that occurred during the last minute of trading, if more than five trades occurred during this period of time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will fix the settlement price. |
| **Final Settlement Price** | Eurex fixes the final settlement price based on the Banking Federation of the European Union Interest Settlement Rate (EURIBOR) for three-month deposits in Euro at 11.00 on the Last Trading Day. To fix the final settlement price, the rate is rounded to the next tick and subtracted from 100. |
| **Margin** | Eurex determines the daily margin requirement using its Risk Based Margining method. |

**Enclosure 1**

# Eurex

## Preliminary Specifications

## - One Month Euribor Interest Rate Futures Contract -

| | |
|---|---|
| **Contract Standard** | European Interbank Offered Rate (EURIBOR) for one-month deposits in Euro. |
| **Contract Size** | Ecu 3,000,00 . |
| **Quotation** | In percent with three decimal places, as 100 minus the going rate of interest. |
| **Minimum Price Movements** | 0.005 percent, representing a value of Ecu 12.5. |
| **Contract Terms** | Settlement months are available for the six nearest calendar months. i.e. up to a maximum term of 6 month. |
| **Settlement** | Cash settlement payable on the first exchange trading day after the last trading day. |
| **Last Trading Day and Notification, Final Settlement Day** | Two exchange trading days prior to the third Wednesday of the respective settlement month - provided that on this day the Banking Federation of the European Union (FBE) has determined the reference interest rate EURIBOR relevant to one-month cash deposits in Euro, otherwise the preceding trading day. Trading in the settling contract ends at 11.00 a.m. Brussels time. |
| **Daily Settlement** | For each contract, profits and losses arising out of open positions on any trading day will be determined at the end of the Post-Trading period and credited or debited from the internal cash clearing accounnt. For open positions from the previous exchange trading day, the amount to be credited or debited is equal to the difference between the daily settlement prices of the contract on the relevant exchange trading day and the previous exchange trading day. For trades on the relevant trading day, the amount to be credited or debited is equal to the difference between the price at which the trade was concluded and the daily settlement price for this day. |

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# Eurex

## Preliminary Specifications

## - One Month Euribor Interest Rate Futures Contract -

| | |
|---|---|
| **Daily Settlement Price** | Volume-weighted average of the prices of the last five trades if they are more than 15 minutes old, or the volume-weighted average of the prices of all trades that occurred during the last minute of trading, if more than five trades occurred during this period of time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will fix the settlement price. |
| **Final Settlement Price** | Eurex fixes the final settlement price based on the Banking Federation of the European Union Interest Settlement Rate (EURIBOR) for one-month deposits in Euro at 11.00 on the Last Trading Day. To fix the final settlement price, the rate is rounded to the next tick and subtracted from 100. |
| **Margin** | Eurex determines the daily margin requirement using its Risk Based Margining Method. |

**Enclosure 1**

# Eurex

## Preliminary Specifications

## - Option on Three-month Euribor future -

| | |
|---|---|
| **Contract Standard** | Three-month Euribor future. The nominal value of a Three-month Euribor futures contract is Ecu 1,000,000. |
| **Unit of Trading** | One Three-month Euribor future contract. |
| **Quotation** | In points, with three decimal places. |
| **Minimum Price Movement** | 0.005 point, representing a value of Ecu 12,50. |
| **Expiration Months** | Options are available for the next four months of the cycle March, June, September, December, i.e. option contracts are available with terms of three, six and nine months as well as up to twelve months.<br><br>Underlying Futures Contract<br>The contract month of the underlying futures contract and the expiration month of the option are identical. |
| **Expiration Day** | The expiration day for an option series is the exchange trading day following its last trading day. |
| **Last Trading Day** | Two exchange trading days prior to the third Wednesday of the respective settlement month - provided that on this day the Banking Federation of the European Union (FBE) has determined the reference interest rate EURIBOR relevant to three-month cash deposits in Euro, otherwise the preceding trading day. Trading in the settling contract ends at 11.00 a.m. Brussels time. |
| **Exercise Period** | American-style, i.e. an option can be exercised up to the end of the Post-Trading Period on any exchange trading day during the life of the option. |
| **Settlement** | The exercise of an option on a Three-month Euribor futures contract results in the creation of a corresponding Three-month Euribor futures position for the purchaser as well as for the seller to whom the exercise is assigned. The position is opened based on the agreed exercise price following the Post-Trading Period of the exercise day. |

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# Eurex

## Preliminary Specifications

## - Option on Three-month Euribor future -

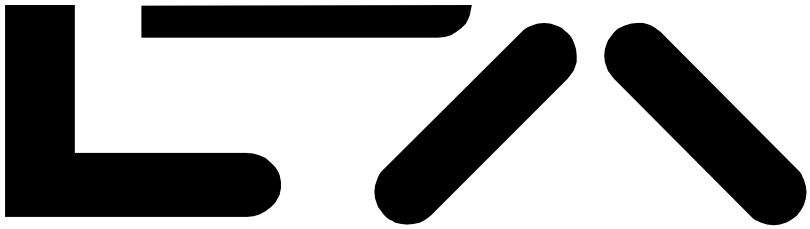
| | |
|---|---|
| **Daily Settlement Price** | Last paid contract price; if this price is more than 15 minutes old or does not reflect the true market conditions, Eurex will determine the settlement price. |
| **Margin** | Eurex determines the daily margin requirement using its Risk-Based Margining method. |
| **Exercise Prices** | Option series have exercise prices with price intervals of 0.10 points (e.g. 95.00, 95.10, 95.20). 21 exercise prices are introduced for each contract month. |
| **Introduction of New Exercise Prices** | Option series with new strike prices for an existing expiration month will be introduced in the Eurex system no later than at the beginning of the Pre-Trading Period of an exchange trading day if the daily settlement price of the underlying Three-month Euribor futures contract has, on the two preceding exchange trading days, exceeded or fallen below the average of the eleventh- and tenth-highest or eleventh- and tenth-lowest strike prices, as the case may be, of options written on this Three-month Euribor futures contract.<br><br>A new option series will normally not be introduced if it would expire in fewer than 10 exchange trading days. However, new option series may be introduced during this period if required by market conditions. |
| **Option Premium** | The premium is settled "futures-style". 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 trading day. The valuation is made on the day on which the trade has occurred 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 trading day and the preceding exchange trading day. Upon exercise and assignment of the option, as well as upon its expiration, a final premium payment is made in an amount equivalent to the daily settlement price of the option contract on the exercise day or the expiration day, as the case may be. |

**Enclosure 1**

# Eurex

## Preliminary Specifications

## - Option on Three-month Euribor future -



*X-pand into the* **Future**

**Eurex FAX-Return**

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Eurex Deutschland
Product Development
Attn Ms. Heyde
60284 Frankfurt/Main

Fax +49-69/2101-4461

Sender
Name:
Firm:
Phone: Fax:

**Application for the Business Cost Contribution**

1. We _____
(Name of member)

herewith apply for participation in the business cost contribution to be granted by Eurex in conjunction with our trading activities in **Three-Month Money-Market Futures** at Eurex.

2. As participants in the business cost contribution

a) we agree to trade **at least 150,000 contracts in Three-Month Money Market Futures** (Three-Month Euribor Future, Three-Month Libor Future and/or Three-Month Euromark Future) **within the stipulated period from 09/01/1998 to 03/15/1999** on A, P and/or M accounts;

b) we will provide proof in writing that, within this year, we have incurred or will incur business costs in an amount at least equal to **the amount of the allowance granted in advance** (please see paragraph 3) and shall keep an itemized record of the planned **infrastructure measures**, e.g. the procurement of hardware, software and personnel as well as advertising outlays in conjunction with the trading in money-market futures (see **Enclosure 3**); and

c) we give you the name of a manager on our staff who has the authorization and expertise necessary for this decision and will be available as the contact person for Eurex with respect to this agreement.

3. In return, Eurex will

a) share in the costs we incur for our activities in conjunction with trading of the Money-Market Futures with an amount of up to DM 150,000. The business cost contribution will be disbursed **in two partial amounts**. The **first partial payment in an amount of DM 50,000 will be made when the agreement goes into effect (09/01/99)** and the **second partial payment will be made at the end of the period of the business cost contribution on 03/15/99 after the stipulated threshold volume of 150,000 contracts has been reached.** The second partial payment will not be made if, at the end of the term of the agreement on 03/15/1999, the designated volume threshold has not been reached.

4. The participants allow Eurex to monitor the compliance with the obligations under No. 2.

In the event that the obligations under No. 2 are not adequately fulfilled by us, Eurex shall have the right

- to terminate the agreement and to publicly disclose the termination of this agreement at Eurex's discretion. In this case, Eurex will be released from its obligations under No. 3 with immediate effect.

- to reclaim payment of all or part of the business cost contribution already granted.

5. In the event of a significant change to the Contract Specifications applying to the contract(s), or due to an amendment to the law(s) or rules and regulations with respect to the contract(s), we as well as Eurex shall have the right to renegotiate the criteria indicated in paragraph 2 above.

6. Eurex shall have the right to suspend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all parties if it deems this appropriate.

7. The number of participants in the business cost contribution for Three-Month Money-Market Futures is limited to a maximum of 20 Eurex members. If the number of applications received exceeds the number of openings, the time at which the application was received and the completeness of the information provided in the Statement of Consent and Formal Obligation (Enclosure 3) will be deciding factors for the choice of the 20 participants.

8. We acknowledge that, in the case of affiliated firms, only one such firm admitted to trading at Eurex will be granted the business cost contribution, even if applications are submitted by several affiliated firms with their own Eurex membership. The rule pursuant to No. 7 sentence 2 shall apply accordingly.

9. Over and above the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with this agreement, which is valid for a limited period of time ending on 03/15/1999.

**TO BE COMPLETED BY THE PERSON SPECIFIED IN PARAGRAPH 2. b)**

Name / Position _____

for Member _____

Phone no. _____

Fax no. _____

Address _____

_____

_____

Date/Signature _____

**We are aware that the point in time at which this application is received shall be decisive for participation in the business cost contribution of Eurex and that this decision is final and cannot be appealed in a court of law.**

Please return the completed application by fax as soon as possible to the indicated address no later than **12 noon, July 31, 1998**.

Enclosure 3 Statement of Consent and Formal Obligation

*X-pand into the* **Future**

**Eurex FAX-Return**

---

Eurex Deutschland
Product Development
Attn Ms Heyde
60284 Frankfurt/Main

Fax +49-69/2101-4461

Sender
Name:

IFirm:

Phone: Fax:

**Statement of Consent and Formal Obligation**

We herewith declare that we consent to have Eurex share in the business costs we have incurred and/or will incur in the year 1998 in conjunction with our trading activities at Eurex in connection with money-market futures in the form of a one-time contribution in the amount of DM 50,000 (plus applicable German value-added tax).

At the same time, we assure that business costs at least equal to the amount of this contribution granted by Eurex have been incurred for this purpose and/or will be incurred within the year 1998.

Enclosure 3 Statement of Consent and Formal Obligation

The breakdown of these infrastructure measures which we have incurred and/or will incur in the year 1998 in conjunction with our trading activities in the Three-Month Money Market Futures at Eurex is as follows:

| Type | Measures | Amount |
|---|---|---|
| Hardware Procurement: | | |
| Software Installation: | | |
| Personnel Costs: | | |
| Advertising Costs: | | |
| Other: | | |

Our bank accoount is as follows:

_____

_____

**We are aware that the decision is final and cannot be appealed in a court of law.**

Sender:

_____

Name of company Date, Place Signature(s)

Enclosure 3 Statement of Consent and Formal Obligation

Enclosure 4 A

Quote Obligations
Designated Market Making Agreement

**One-Month EURIBOR Future**

| | |
|---|---|
| Minimum size: | 100 contracts on both the bid and ask sides for all expiration months |
| Maximum spread*: | 4 ticks for all 6 expiration months |
| Quotation period: | 60 percent of the total daily trading period on a monthly average for all expiration months |

**Three-Month EURIBOR Future and Three-Month Euro-LIBOR Future**

At least five expiration months have to be quoted. If the quote obligations are fullfilled for 10 expiration months the quotation time is reduced to 50 percent.

| | |
|---|---|
| Minimum size: | 100 contracts on both the bid and ask sides for all expiration months |
| Maximum spread*: | 3 ticks for the 1-9, 4 ticks for the 12-24 and 5 ticks for the 27-36 expiration month |
| Quotation period: | 65 percent for the 1-24 and 60 percent for the 27-36 expiration month of the total daily trading period on a monthly average |

* Quotes with narrower spreads will also be counted towards fulfillment of the Designated Market Maker obligation. The prerequisite is that at least 50 contracts are quoted. One ticks is 0,005 percentage points.

Enclosure 4 Application form Designated Market Making

To
Eurex
Product Development
Christine Heyde

60284 Frankfurt am Main

Fax no.: 069/2101 - 4461

**Application for the Status of Designated Market Maker in One and/or Three-Month Money Market Futures**

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in

| Three-Month EURIBOR future | One-Month EURIBOR future | Three-Month Euro-LIBOR future |
|---|---|---|
| yes ☐ | yes ☐ | yes ☐ |
| no ☐ | no ☐ | no ☐ |

for the period from September 18, 1998 until June 30, 1999 in accordance with the terms and conditions stated in the Quote obligations (enclosure 4 A).

2. As a Designated Market Maker

a) we will provide bid and ask quotes on both sides of the market

- for the minimum number of contracts specified in the quote obligation
- in compliance with the Maximum Spreads (see quote obligation); and
- for the period of time specified in the quote obligation (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract, in response to quote requests as well as after significant changes in the underlying market interest rates)

b) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this agreement;

c) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market Making; and

d) we will inform Eurex within one business day in the event that we find ourselves no longer in a position to fulfill these obligations.

3. Eurex will in return

   a) mention the name of the Eurex member with the Designated Market Maker status in advertising and informative material in connection with the contracts;

   b) make Eurex spokesmen and printed material available for seminars organized by the Designated Market Makers regarding the One and Three-Month Money Market Futures; and

   c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on M accounts up to June, 30 1999. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if One and/or Three-Month Money Market Futures are traded on A or P accounts or if the quote obligations are not fulfilled.

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex.

   In the event that the obligations stated under No. 2 are not met by us, Eurex shall have the right to:

   - terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex's discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract(s) or due to a revision of the law or rules with respect to the contract(s), we as well as Eurex have the right to terminate this agreement with immediate effect or to renegotiate the requirements indicated in para. 2 and/or in the Enclosure 4 A.

6. Eurex shall have the the right to amend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers can also be promptly advised that this situation has ceased to exist.

7. Since the number of Designated Market Makers for the products One and Three-Month Money Market Futures is limited, we grant Eurex the right to make the final selection of Designated Market Makers from the applicants.

8. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which expires on June 30, 1999. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The "Quote Obligation" is an integral part of this application.

**SHOULD BE FILLED OUT BY THE PERSON SPECIFIED IN PARAGRAPH 2. b)**

_____
Place, date

_____ _____
Name Position

_____ _____
Phone Fax

_____
(Signature / Stamp of the firm)

Please send the completed application for the status of Designated Market Maker to the indicated fax number no later than August 6, 1998.

Enclosure 5
Application for the Granting of Market Maker Licences

Eurex Frankfurt GmbH
Membership-Unit

D-60284 Frankfurt am Main

Applicant

Name of applying exchange participant

Address

Name of contact

Phone No. Fax No.

Application for the Granting of Market Maker Licences
pursuant to Section 19, Paragraph 1 of the Eurex Exchange Rules

**I.** We herewith apply for admission as Market Maker pursuant to Section 19, Paragraph 1 of the Eurex Exchange Rules. The granting of a Market Maker License is applied for regarding the trading in

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

| | | | |
|---|---|---|---|
| ☐ ALV | ☐ CBK | ☐ LHA | ☐ VEB |
| ☐ BAS | ☐ DAI | ☐ MMW | ☐ VIA |
| ☐ BAY | ☐ DBK | ☐ PRS | ☐ VOW |
| ☐ BMW | ☐ DRB | ☐ RWE | |
| ☐ BHW | ☐ DTE | ☐ SIE | |
| ☐ BVM | ☐ HOE | ☐ THY | |

☐ - ODAX - Option contracts on the German Stock Index - DAX® -

☐ - OBND - Option contracts on Long-Term German Government Bond Futures

☐ - OBOB - Option contracts on Medium-Term German Government Bond Futures

☐ - OSHZ - Option contracts on Schatz-Futures

☐ **- OEU3 - Option contracts on Three-Month-Euribor-Futures**

☐ - OSTX - Option contracts on Dow Jones STOXX® 50

☐ - OESX - Option contracts on Dow Jones Euro STOXX® 50

☐ - OUSD - Option contracts on Foreign Currencies with the underlying US$

DTB/da-mm298

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

| 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 Section 19, Paragraph 3 of the Eurex Exchange Rules.

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

Place and Date

Company Stamp and authorized Signature

Enclosure 5 A

Quote Obligations
Regular Market Making Commitment

**The quote obligations are valid for all option series (Calls and Puts):**

**Options on the Three-Month EURIBOR Future**

| | | |
|---|---|---|
| 1st and 2nd expiration months | Minimum size: | 100 contracts |
| | Maximum spread: | 3 ticks[1] |
| 3rd expiration month | Minimum size: | 50 contracts |
| | Maximum spread: | 4 ticks[1] |
| 4th expiration month | Minimum size: | 50 contracts |
| | Maximum spread: | 5 ticks[1] |
| | on both the bid and ask side | |
| Quotation period: | Respond to 50 percent of the Requests for Quote | |

[1] The Euromark options contracts smallest price movement will be ½ tick (0.005). This commitment refers to whole ticks i.e. 0.01, therefore, as an example 3 ticks is equal to a 0.03 spread, 4 ticks equal a 0.04 spread and 5 ticks equal a 0.05 spread.

Enclosure 6 Application form Designated Broking

To
Eurex
Christine Heyde
Product Development

60284 Frankfurt am Main

Fax no.: 069/2101 - 4461

**Application for the Status of Designated Broker in the Futures and/or Options on Euribor and Euro-Libor**

1. We _____
(name of member)

herewith apply for the status of Designated Broker in

| Three-Month EURIBOR future | One-Month EURIBOR future | Three-Month Euro-LIBOR future | Option on Three-Month EURIBOR future |
|---|---|---|---|
| yes ☐ | yes ☐ | yes ☐ | yes ☐ |
| no ☐ | no ☐ | no ☐ | no ☐ |

for the period from September 18, 1998 until June 30, 1999.

2. As a Designated Broker:

a) we have expertise in the valuation of Money Market futures and options and knowledge of the underlying Money Markets as well as in risk management, evidence of which can be furnished, for example, by indicating the system s applied and the corresponding qualification(s) and/or experience of the pertinent staff. We thereby ensure that we are in a position to offer our customers qualified advice with respect to the Money Market Products of Eurex; and

b) we are planning special marketing measures for the new contracts.

3. Eurex will

a) mention the Eurex member's name with the status of a Designated Broker and its coordinator in the advertising and informative material in connection with the launch of the contracts; and

b) staff of Eurex members with the status of a Designated Broker will be given preferential consideration as speakers at events related to the launch of the contracts, and make Eurex spokesmen and printed material available for seminars organized by the Designated Brokers regarding the new contracts.

4. Other than the above mentioned measures, the participant's designation as a Designated Broker, which is limited to June 30, 1999, does not entitle the participant to any special status at Eurex. After the aforementioned date, the title of Designated Broker may no longer be used unless otherwise agreed with Eurex.

Please publish the names and telephone numbers of the following person as the "Designated Broker" contact for our firm :

Name _____

Phone _____

_____
Place, date

_____ _____
Name Title

_____
(Signature / Stamp of the firm)

Please send the completed application for the status of Designated Broker to the indicated address by no later than **August 6, 1998** by fax.