To the
Members of
Eurex Deutschland

06/17/98

Establishment of the Contract Size in the DAX Future after the Conversion to Euro

Circular 33/98

Dear Sir or Madam,

As we already informed you in Circular No. 21/98, the splitting method will be applied as the conversion procedure in conjunction with the changeover of the DAX future to the euro.

On March 20, 1998, the DTB Exchange Council approved an amendment to the Conditions for Trading for the DAX future in view of the euro's introduction. This amendment calls for an existing position in the DAX future to be split up into two products before trading opens on January 4, 1999: A "round lot product" of 5 euros or a multiple thereof and an "odd lot product" reflecting the difference from the originally even DM equivalent.

In tandem, based on the recommendation of the Working Committee for Trading (Equity/ Index Products) as well as the trend in the index since the DAX future was launched in 1990, the DTB General Management has passed a resolution to halve the contract size, effective January 4, 1999, in conjunction with the euro conversion, to boost liquidity in the product.

The first DAX futures contract to be affected by this amendment is the March 1999 contract tradable as of June 22, 1998, for which the contract size in the round lot has been fixed as follows:

Given a conversion factor (euro/DM conversion rate) of less than 2 DM, the index multiplier determining the contract size for the round lot will be 25 euros per DAX index point. Within the framework of the changeover, the participants' existing positions will be multiplied by 2.

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Should the conversion factor be higher than 2 DM, the contract size would be 10 euros, in which case the participants' existing positions are multiplied by 4. This corresponds to the procedure that has been officially adopted for all index products if the conversion rate is higher than 2 DM.

The contract size of the odd lot cannot be set until the final conversion factor is announced.

If you have any questions, please contact Peter Sack (phone +49-69-2101-5316).

Yours sincerely

Dr. Jörg Franke

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