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e u r e x *circular 045/02*

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

High Priority

Modification to the Contract Specifications for German Stock Options Associated with the Introduction of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetzes (WpÜG))

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Coordination	Updated sections of the Conditions for Trading at Eurex Deutschland and Eurex Zürich

Associated with the introduction of the German Securities Acquisition and Takeover Act, (Wertpapiererwerbs- und Übernahmegesetzes (WpÜG)) on 1 January, 2002, the Exchange Council of Eurex Deutschland and the Administrative Council of Eurex Zürich have taken the decision to modify section 7 of Subpart 2.2.1 of the Conditions for Trading at Eurex Deutschland and Eurex Zürich (Contract Specifications for German Stock Options). Modifications have been made to paragraph 6 and a new paragraph 7 is included. The changes will come into effect on 3 June, 2002.

In future, if, within the framework of a takeover bid under the framework of the German Securities Acquisition and Takeover Act, an enterprise has purchased at least 95% of the shares/registered share capital of a target company, all Eurex German Stock Options concerning the target company will be adjusted as described in section 2.2.1.7. Previously this applied only to share exchange offers made under the German Stock Corporation Law (Aktiengesetz) or the German Law Regulating Transformation of Companies (Umwandlungsgesetz).

The modified version of Section 2.2.1.7 of the Conditions for Trading at Eurex Deutschland and Eurex Zürich is attached to this Circular.

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Conditions for Trading at Eurex Deutschland and Eurex Zürich

1 Part: General Provisions

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2 Part: Contract Specifications

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2.1 Subpart: Contract Specifications for Futures Contracts

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2.2 Subpart: Contract Specifications for Options Contracts

2.2.1 Sub-Subpart: Specifications for Options Contracts on Stocks of German Stock Corporations (German Stock Options)

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2.2.1.7 Alterations of Exercise Prices and Expiration Days

(1) Exercise prices shall not be adjusted upon the payment of any dividends.

(2) Extraordinarily high dividends, bonuses or other cash distributions shall not be deemed to be dividends within the meaning of paragraph (1). In the event of such distributions, the exercise price for stock options written prior to the day of such distribution shall be reduced by an amount that reflects the value of the distribution, as determined in accordance with a formula established by the Eurex Exchanges; correspondingly, the number of shares underlying the contract shall be increased in such a manner that the original value of the contract is maintained. Exercise prices shall only be adjusted pursuant to sentence 2, if such a distribution exceeds the amount determined by the Eurex Exchanges and announced to the Exchange Participants.

When an option is exercised, the Eurex Exchanges will provide cash settlement for any shares in excess of the standard contract size of 100 shares, to the extent that the Exchange Council of Eurex Deutschland has not provided otherwise. The amount of such cash settlement shall be determined on the basis of the difference between the reduced exercise price of the option and the price of the respective underlying security effected on the closing auction in the electronic trading system of the Frankfurt Stock Exchange.

If no price in the underlying security is effected on the closing auction, the volume-weighted average of the last three "paid" prices (Bezahlt-Preise) of the respective underlying security effected on the electronic trading system of the Frankfurt Stock Exchange between the close of trading in stock options at the Frankfurt Stock Exchange and at the Eurex Exchanges shall be used.

If three prices in the underlying security are not effected on the electronic trading system of the Frankfurt Stock Exchange between the close of trading in the respective stock option at the Frankfurt Stock Exchange and the Eurex Exchanges either, the closing price of the underlying security on the Frankfurt Stock Exchange shall be used.

(3) If subscription rights are granted, the exercise price for stock options written prior to the first Exchange day of such subscription rights shall be reduced by an amount that reflects the value of the subscription right, as determined in accordance with a formula established by the Eurex Exchanges; correspondingly, the number of shares underlying the contract shall be increased such that the original value of the contract is maintained.

When an option is exercised, the Eurex Exchanges will provide cash settlement for any shares in excess of the standard contract size of 100 shares, to the extent that the Exchange Council of Eurex Deutschland has not provided otherwise.

The amount of such cash settlement shall be determined on the basis of the difference between the reduced exercise price of the option and the price of the respective underlying security effected on the closing auction in the electronic trading system of the Frankfurt Stock Exchange.

If no price in the underlying security is effected on the closing auction, the volume-weighted average of the last 3 "paid" prices (Bezahlt-Preise) of the respective underlying security effected on the electronic trading system of the Frankfurt Stock Exchange between the close of trading in stock options at the Frankfurt Stock Exchange and at the Eurex Exchanges shall be used.

If 3 prices in the underlying security are not effected on the electronic trading system of the Frankfurt Stock Exchange between the close of trading in the respective stock option at the Frankfurt Stock Exchange and at the Eurex Exchanges either, the closing price of the underlying security on the Frankfurt Stock Exchange shall be used.

(4) In the event of capital increases out of the company's equity (Gesellschaftsmitteln), the number of shares underlying a contract will be increased proportionally to maintain the proportion of the share capital represented by these shares. The exercise price shall be reduced by a value such that the original value of the contract remains unchanged.

When an option is exercised, the Eurex Exchanges shall provide cash settlement for any fractional shares the new contract size may cover, provided that the new shares are vested with the same rights as the old shares. In the case of divergent terms, there shall be a cash settlement for the portion exceeding the standard contract size; in all other respects, shares and other fractional interests, if any, shall be delivered based on the new contract size. This shall also apply with respect to stock dividends and similar events. The third and fourth sentences of paragraph (3) shall apply to such cash settlements mutatis mutandis.

In case of capital reductions, the exercise price and the standard contract size of the options shall remain unchanged if the capital is reduced by decreasing the par value of the shares. If a reduction of capital is implemented by redeeming or consolidating shares, the number of shares covered by a contract shall be reduced proportionally to the proportion of the reduction of the share capital. The exercise price shall be simultaneously increased to a value such that the original value of the contract remains unchanged. Any remaining fractions of shares shall be settled in cash.

In the event of stock splits, the exercise price of stock options shall be reduced in proportion to the split rate. The contract size and/or the amount of contracts shall be modified in a ratio such that the original value of the option holder's position remains unchanged.

(5) In the event of any change of the contract size and the exercise price pursuant to paragraphs (2), (3) or (4), new option series shall be introduced in accordance with the provisions of subsections 2.2.1.1 and 2.2.1.6.

In the event of changes to the share capital (paragraphs (3) to (6)) and all adjustments pursuant to paragraph (2), all orders and quotes contained in the order book with respect to the relevant option series shall be canceled by the Eurex Exchanges. The Eurex Exchanges shall notify all Exchange Participants prior to any such cancellation.

(6) If, in accordance with the German Stock Corporation Law (Aktiengesetz) or the German Law Regulating Transformation of Companies (Umwandlungsgesetz), shareholders receive an offer to exchange their old shares for new shares or shares of another stock corporation, any options concerned which are due to expire after the discontinuation of trading in the old shares on a stock exchange (the "Reference Date") shall be adjusted as follows:

The options shall be adjusted on the Exchange day immediately following the Reference Date. The old shares shall be replaced by the same number of new shares issued due to the Merger, or of the other shares offered by the stock corporation. In all other cases in which the exchange ratio is not 1:1 or the holders of old shares are also offered a cash compensation, the exercise prices and contract sizes shall also be adjusted in such a manner that the original contract value is maintained. When an option is exercised after the Reference Date, Eurex Deutschland shall provide a cash compensation for any fractional shares the new contract size may cover. The new underlying shall be delivered at the earliest from the day on which the stock corporation exchanged the old shares for new shares or shares of another stock corporation.

If, in accordance with the German Stock Corporation Law (Aktiengesetz) or the German Law Regulating Transformation of Companies (Umwandlungsgesetz), shareholders are offered to exchange their old shares against a cash compensation, securities other than shares or other rights (collectively the "Other Rights"), the term of the options shall expire as soon as the old shares are no longer admitted to trading on a securities exchange (the "Reference Date"). The same shall apply if the Other Rights offered cannot be delivered through the central depositories or other depositories *(Lieferstelle)* recognized by Eurex Clearing AG, or if derivatives on the Other Rights offered cannot be traded on the Eurex Exchanges as a matter of law. If an option concerned is exercised on the Reference Date, the shares underlying the contract shall be replaced by the Other Rights. The Other Rights shall be delivered on the day on which they are transferred by the offering company. If this day is not a Exchange day, delivery shall be effected on the Exchange day immediately following the Reference Date. If the Other Rights offered cannot be delivered through the central depositories or other depositories *(Lieferstelle)* recognized by Eurex Clearing AG, or if derivatives on the Other Rights offered cannot be traded on the Eurex Exchanges as a matter of law, the Eurex Exchanges shall provide a proportional cash compensation.

If a shareholder, having submitted a takeover bid in accordance with the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, "WpÜG"), has acquired at least ninety-five per cent of the registered share capital of a stock corporation ("Target Company") – such shareholder being referred to as the "Principal Shareholder" –, any options concerned which are due to expire after the Principal Shareholder has paid the consideration owed for the acquisition

of such shares and may therefore dispose of the shares of the Target Company ("Reference Date"), shall be adjusted on the Exchange day following the Reference Date in the same way as described with regard to the exchange of old shares for new shares or shares of another stock corporation in accordance with the German Stock Corporation Law (Aktiengesetz) or the German Law Regulating Transformation of Companies (Umwandlungsgesetz) (see above). Whether or not a shareholder has acquired ninety-five per cent of the shares of the Target Company shall be determined in accordance with § 30 WpÜG.

(7) If shareholders receive an offer to exchange old shares for new shares, shares of another stock corporation, securities other than shares, other rights or a cash compensation and in the event this capital market transaction is not stipulated by the provisions in accordance with paragraph (6), the Eurex Exchanges will adjust the options concerned in such manner that the original contract value is maintained to the extent possible, well-ordered market conditions are ensured and clearing and contract settlement are facilitated. The Eurex Exchanges shall inform the Exchange Participants of the intended measures.