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To: The Members of Eurex Deutschland
Date: Frankfurt, August 12, 1998
Ref: RD

Introduction of a 30-Year Euro Government Bond Future (Euro-BUXL Future) at Eurex

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Circular 42/98

Dear Sir or Madam,

At its meeting on August 5, 1998, the General Management of Eurex Frankfurt decided to introduce a 30-year Euro government bond future (Euro-BUXL Future) at Eurex, subject to approval by the Exchange Council for the corresponding amendments to the Rules and Regulations.

The issuing activity of the German federal government, the trading interest and the liquidity in the cash market have increased substantially since 1994, when DTB first introduced a future on 30-year German government bonds. In the meantime, bonds with a total volume of DM 70 billion are currently deliverable in the futures contract. The binding issue calendar and the higher level of interest in the market for 30-year issues ensure continuous issuing activity by the German federal government in this segment.
The launch of a 30-year Euro government bond future at Eurex gives this segment an efficient hedging and trading product and thus takes the needs of Eurex market participants into account.

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Geschäftsführer:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

1. Launch date

The scheduled launch date is **Friday, October 2, 1998.** As of this date, the March, June and September 1999 contracts will be available for trading in this product.

2. Contract specifications

The Euro-BUXL Future is very similar in design to the existing interest-rate futures on German government bonds at Eurex. For the details of the product design, please refer to the enclosed preliminary contract specifications (Enclosure 1).

3. Trading hours

Pre-Trading	7:30 a.m. - 8:00 a.m.
Trading	**8:00 a.m. - 7:00 p.m.**
Post-Trading	7:00 p.m. - 7:30 p.m.

4. Transaction fees

The transaction fees are ECU 0.20 per contract.

5. SIN, ISIN no. and Eurex system code

Product	System code	SIN	ISIN No.
Euro-BUXL Future	FGBX	965 263	DE0009652636

6. Designated Market Making and Broking

Eurex is giving interested Eurex participants the opportunity to actively support the introduction of the Euro BUXL Future at Eurex as Designated Market Makers. This is intended to ensure that the necessary basis liquidity is available when the contract is launched.

As a Designated Market Maker, the Eurex participant has a binding obligation to quote bid and ask prices on a continuous basis for a specified minimum number of contracts within maximum spreads for a specified period of time. In return, Eurex Frankfurt GmbH will refund all trading and clearing fees for the contracts matched by the Designated Market Maker(s) on M accounts.

In consultation with the relevant Working Committee, the following design was elaborated for Designated Market Making:

Designated Market Making Design:

Contract month	Number of contracts to be quoted	Bid/ask-spread in ticks	Quotation time*	Refund of transaction fees
Front Month**	50	5	40%	100%

* relative to the total trading time on a monthly average

** Front Month is the nearest contract month.
The second-nearest contract month becomes the Front Month three days prior to the last trading day of the first contract month.

Designated Market-Making will initially be valid up to and including April 2, 1999. We kindly ask all Eurex participants who wish to be admitted as Designated Market Makers in this product at Eurex to complete and return the enclosed application (Enclosure 2) to us by fax no later than **August 21, 1998** to ensure timely admission.

7. ECU Clearing

Analogous to the STOXX and Euro money-market derivatives, all payments in connection with the Euro-BUXL Future will be settled in ECU until the start of European Monetary Union. Since the LZB (Landeszentralbank; regional Bundesbank office) does not clear foreign-currency transactions, the usual payments procedure for DM-denominated Eurex contracts cannot be used with respect to debits and credits from the daily revaluation of positions, exercises and final settlement invoicing in ECU up to the start of European Monetary Union.

Pursuant to subsection 1.2.5 paragraph (3) of the Clearing Conditions, Deutsche Börse Clearing AG is in charge of the clearing for payments in foreign currency. For this purpose, Deutsche Börse Clearing AG will operate foreign-currency accounts for Eurex and for every Eurex Clearing Member in all foreign currencies that are relevant for Eurex business. In the case of the Euro-BUXL Future, these will be ECU accounts. The balances determined for every foreign currency and Clearing Member in the daily Eurex batch processing 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 amounts 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 this end, they must ensure that their accounts are 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 a 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-BUXL Future:

In consultation with the Eurex Working Committee 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/communicated 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 "OKED", 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 via SWIFT or on-line by entering a cash disbursement under the transaction code ”OKED”, function code ”NA” and business type GDA in OLGA.

8. Simulation

The Euro BUXL Future will be available to all EUREX participants in the simulation starting August 17, 1998.

If you have any questions, please contact Ralf Dreyer (+49-69/2101-5705, e-mail: Ralf_Dreyer@exchange.de). For questions related to ECU clearing, please contact Stefan Brendgen (+49-69/2101-5743, e-mail: Stefan_Brendgen@exchange.de).

Yours sincerely,

Jörg Franke Christian Klapproth

Enclosures

Eurex Deutschland

Enclosure 1

P r e l i m i n a r y S p e c i f i c a t i o n s

Future on a Notional Long-Term Debt Security of the German Federal Government (Euro BUXL Future)

Contract Standard	Long-term notional debt security issued by the German Federal Government with a term of 20 - 30.5 years and a notional coupon of 6%.
Settlement	A delivery obligation arising out of a short position in a Euro-BUXL futures contract may only be performed by the delivery of debt securities designated by Eurex - specifically, Federal Government Bonds (Bundesanleihen) - with a remaining term of 20 - 30.5 years. A minimum issue amount of DM 10 billion or, for new issues as of January 1, 1999, 5 billion Euro is required.
Contract Size	Euro 100,000 (Ecu 100,000 in 1998).
Quotation	In a percentage of the par value, with two decimal places.
Minimum Price Movement	0.01 percent, representing a value of Euro 10 (Ecu 10 in 1998).
Delivery Months	The three nearest quarter-end months of the cycle March, June, September, December.[1]
Notification	Clearing Members with open short positions must notify Eurex by the end of the Post-Trading Period on the last trading day in the delivery month of the futures contract which debt securities they will deliver.
Last Trading Day	Two exchange trading days prior to the delivery day of the relevant quarter-end month. Trading in the contract for this delivery month ends at 12:30 p.m.
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 to 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.

[1] **With introduction of the product the December 1998 delivery month will not be available; the trading will start with the delivery months March, June und September 1999.**

Future on a Notional Long-Term Debt Security of the German Federal Government (Euro BUXL Future)

Daily Settlement Price	The volume-weighted average of the prices of the five last trades, provided they are no more than 15 minutes old, or the volume-weighted average of the prices of all trades that occurred during the final minute of trading if more than five trades occurred during this 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 set the settlement price.
Delivery Day	The delivery day is the 10th calendar day of the respective quarter-end month if this day is an exchange trading day, otherwise the next succeeding exchange trading day. Delivery is made through Deutsche Börse Clearing AG.
Exchange Delivery Settlement Price (EDSP)	The volume-weighted average of the 10 last trades, provided they are no more than 30 minutes old, or the volume-weighted average of the prices of all trades that occurred during the final minute of trading if more than 10 trades were matched during this 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 set the EDSP. The EDSP is determined at 12:30 p.m. Frankfurt time on the last trading day.
Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.

FAX Return

EUREX Deutschland
Product Development

60284 Frankfurt/Main

Fax + 49 - 69 - 2101 - 4461

Senders Address

Name:

Firm:

Phone: Fax:

Application for the Status of Designated Market Maker in the Euro BUXL Future

1. We _____
(name of member)

apply herewith for the status of Designated Market Maker in the

Euro BUXL Future

from the contract on October 2, 1998 until April 2, 1999 in accordance with the terms and conditions stated in the circular no. 42/98.

2. As a Designated Market Maker

a) we will provide for the front month[1] of the Euro BUXL Future bid and ask quotes on both sides of the market

- for the minimum number of contracts (50 contracts on the bid and ask side, respectively)
- in compliance with the Maximum Spreads (5 Ticks); and
- for the period of time (40 percent of the total daily trading period on a monthly average; 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 prices of the underlying bonds)

b) we will give you the name of a manager who has the authority and expertise necessary to make decisions and, as the coordinator in our firm, 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 fulfil these obligations.

3. EUREX will

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

b) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on M accounts up to April 2, 1999. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if Euro BUXL Futures are traded on A or P accounts.

[1] In this case front month is defined as the first delivery month. 3 days prior to the last trading of the first delivery month the second delivery month will be considered to be the front month.

4. a) Compliance with the obligations stated under No. 2 shall be monitored by EUREX.

b) 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 paragraph 2 and/or in the Enclosure.

6. EUREX shall have 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 they can also be promptly advised that this situation has ceased to exist.

7. 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 April 2, 1999. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with EUREX.

Enclosure 2

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 address by fax no later than **August 21, 1998**.