X-pand into the Future

e u r e x *circular 212/05*

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Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

⚠ **High Priority**

1. Harmonization of Exercise Prices for Equity Options and Options on EXTFs - Change of Exercise Prices for Equity Index Options

2. Simplification of Eurex Rules regarding the Introduction of new Options Series

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Content may be most important for:	**Attachment:**
➲ All departments	Adjustments to the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich

Summary:

1. In their session of October 5, 2005 the Management Boards of the Eurex Exchanges approved the harmonization of exercise prices for equity options and options on EXTFs as well as adaptations to exercise prices for equity index options, effective **November 21, 2005**.
2. In their session of November 2, 2005 the Management Boards of the Eurex Exchanges approved the simplification of Eurex-Rules regarding the introduction of new options series, effective **November 21, 2005.**

1. Harmonization of Exercise Prices for Equity Options and Options on EXTFs - Change of Exercise Prices for Equity Index Options

Harmonization of Exercise Prices for Equity Options and Options on EXTFs

In their session on October 5, 2005 the Management Boards of the Eurex Exchanges took the decision to harmonize exercise price intervals for equity options and options on EXTFs. Presently, strike price patterns vary in different country segments. With the introduction of one pattern that applies to both equity options and options on EXTFs**,** Eurex took one more step to improve transparency in equity derivatives markets.

From November 21, 2005, new series tradable at Eurex will have the following strike prices:

Exercise prices in EUR/CHF	**Exercise price intervals in EUR/CHF with terms of**		
	up to 3 months	**4 to 12 months**	**more than 12 months**
Up to 2	0.05	0.10	0.20
Between 2 and 4	0.10	0.20	0.40
Between 4 and 8	0.20	0.40	0.80
Between 8 and 20	0.50	1.00	2.00
Between 20 and 50	1.00	2.00	4.00
Between 50 and 100	2.00	4.00	8.00
Between 100 and 200	5.00	10.00	20.00
Between 200 and 400	10.00	20.00	40.00
More than 400	20.00	40.00	80.00

Change of Exercise Prices for Equity Index Options

Along with the harmonization of interval patterns in equity options and options on EXTFs, Eurex changed equity index options in a way that exercise prices shown in the table below will be available as of November 21, 2005:

Options on	**Exercise price intervals in index points with terms of**				
	up to 3 months	**4 to 12 months**	**13 to 24 months**	**25 to 36 months**	**More than 36 months**
Dow Jones EURO STOXX 50®	50	50	50	50	100
DAX® SMI®	50	50	100	200	200
Dow Jones EURO STOXX® Sector Indices Dow Jones Global Titans 50SM Dow Jones STOXX® 600 Sector Indices TecDAX®	5	10	20		
Dow Jones Italy Titans Dow Jones STOXX 50®	50	50	100		
Dow Jones STOXX® 600 Dow Jones STOXX® Mid 200	5	5	10		
OMXH25	25	25			

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Depending on developments in the market, Eurex will introduce further exercise prices.

Number of Exercise Prices with Introduction of new Expiration Months

For equity options, options on EXTFs and equity index options, the minimum of seven exercise prices with terms of up to 24 months and at least five exercise prices with terms of more than 24 months shall be made available for trading for each expiration date and for each call and put.

For the changes to the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich, please refer to the attached document.

An updated version of the Contract Specifications will be published on the Eurex website the day they will come into effect. Please refer to the following path:

www.eurexchange.com > About Eurex > Rules and Regulations > Contract Specifications.

2. Simplification of Eurex Rules and Regulations regarding the Introduction of new Options Series for all Options Contracts listed at Eurex

In their session on November 2, 2005 the Management Boards of the Eurex Exchanges took the decision to simplify Eurex Rules regarding the introduction of new options series. Currently, for each option product (options on Money Market Futures, options on Fixed Income Futures, equity index options, equity options and options on ETFs) there is a separate procedure of when to introduce new options series. As from **November 21, 2005,** the rule will be the same for all options traded at Eurex; new series will be introduced with reference to the minimum amount of available at the money, in the money and out of the money exercise prices already specified in the Eurex Rules and Regulations on a product basis.

For the changes to the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich, please refer to the attached document.

An updated version of the Contract Specifications will be published on the Eurex website the day they will come into effect. Please refer to the following path:

www.eurexchange.com > About Eurex > Rules and Regulations > Contract Specifications.

For any further questions please contact Ines Hulinsky, Product Design Equity Derivatives, at tel. +49-69-211-1 56 98.

Frankfurt, November 4, 2005

(…)

2. Part: Contract Specifications for Options Contracts

(…)

2.2 Subpart: Contract Specifications for Option Contracts on Money Market Futures Contracts

The following subpart contains contract specifications for Option Contracts on Money Market Future Contracts.

(…)

2.2.9 Introduction of new Option Series

Option series with new exercise prices shall be introduced for an existing expiration month no later than at the beginning of the Pre-Trading Period of a given Exchange day in the event that the minimum number of exercise prices specified in number 2.2.8 which are in-the-money, at-the-money or out-of-the-money on the basis of the daily settlement price of the underlying three-months EURIBOR Futures contract (Chapter II number 1.2.2 of the Clearing Conditions of Eurex Clearing AG) is not available any more. ~~the daily settlement price (Chapter II subsection 2.2.3 of the Clearing Conditions of Eurex Clearing AG) of the underlying Three-Month Euribor Futures contract on each of the previous two trading days has exceeded or fallen below the average of the eleventh- and tenth-highest or the eleventh- and tenth-lowest then-existing exercise prices, as the case may be, of options written on such Three-Month Euribor Futures contract.~~

A new option series shall generally not be introduced if it would expire in fewer than ten Exchange days, unless market conditions make such introduction necessary.

(…)

2.3 Subpart: Contract Specifications for Options Contracts on Fixed Income Futures Contracts

The following subpart contains contract specifications for Options Contracts on Fixed Income Futures Contracts

(…)

2.3.6 Last Trading Day, Close of Trading

The last trading day of an option series shall be the last day on which such option series is available to Exchange Participants for trading and clearing through the EDP system of the Eurex Exchanges. This shall be the sixth Exchange day prior to the first calendar day of the expiration month.

The close of trading on the last trading day shall be ~~the regular close of trading in the relevant Euro Fixed Income Option in the EDP system of the Eurex Exchanges~~17:15 CET.

(…)

2.3.9 Introduction of new Option Series

Option series with new exercise prices shall be introduced for an existing expiration month no later than at the beginning of the Pre-Trading Period of a given Exchange day in the event that the minimum number of exercise prices specified in number 2.3.8 which are in-the-money, at-the-money or out-of-the-money on the basis of the daily settlement price of the underlying Euro-Fixed Income Futures contract (Chapter II number 1.3.2 of the Clearing Conditions of Eurex Clearing AG) is not available any more. ~~the daily settlement price (Chapter II subsection 2.3.3 of the Clearing Conditions of Eurex Clearing AG) of the underlying Euro Fixed Income Futures contract on each of the previous two trading days has exceeded or fallen below the average of the fifth- and fourth-highest or the fifth- and fourth-lowest then-existing exercise prices, as the case may be, of options written on such Euro Fixed Income Futures contract.~~

A new option series shall generally not be introduced if it would expire in fewer than ten Exchange days, unless market conditions make such introduction necessary.

(…)

2.4 Subpart: Contract Specifications for Index Options

The following subpart contains contract specifications for Options Contracts on stock indices (“Index Options”).

(…)

2.4.6 Exercise Prices

(1) Option series of options contracts on the Dow Jones STOXX 50® Index and Dow Jones Italy Titans 30℠ Index may have exercise prices with price gradation of 50 points for terms up to 12 months or 100 points for terms of more than 12 months. .

Option series of options contracts on DAX® and SMI® ~~and Dow Jones EURO STOXX® 50~~ may have exercise prices with price gradation of 50 points for terms up to 12 months or 100 points for terms of 13 to 24 months, or 200 points for terms of more than 24 months.

Options series of options contracts on the Dow Jones EURO STOXX 50® Index may have exercise prices with price gradations of 50 points for terms up to 36 months or 100 points for terms of more than 36 months.

(2) Option series of options contracts on ~~TecDAX®,~~ Dow Jones STOXX® 600 Index~~,~~ and Dow Jones STOXX® Mid 200 Index~~, Dow Jones EURO STOXX® Sector Indices and Dow Jones STOXX® 600 Sector Indices~~ may have exercise prices with price gradation of five points for terms up to twelve months or ten points for terms of more than 12 months.

(3) Option series of options contracts on TecDax®, Dow Jones Global Titans 50SM Index, Dow Jones EURO STOXX® Sector Indices and Dow Jones STOXX® 600 Sector Indices may have exercise prices with price gradations of five points for terms up to three months, of 10 points for terms from four to 12 months or of 20 points for terms of more than 12 months.

~~(3)~~(4) Option series of options contracts on OMXH25 may have exercise prices with price gradations of 25 points.

~~(4) Option series of options contracts on the Dow Jones Global Titans 50SM Index may have exercise prices with price gradations of 2.5 points for terms up to twelve months or five points for terms of more than 12 months.~~

2.4.7 Number of Exercise Prices upon Admission of Contracts

Upon the admission of options contracts, at least ~~nine~~ seven exercise prices with terms of up to ~~twelve~~ 24 months shall be made available for trading for each expiration day for each call and put, such that ~~four~~ three exercise prices are "in the money", one is "at the money" and ~~four~~ three are "out of the money".

Upon the admission of options contracts, at least five exercise prices with terms of more than ~~twelve~~ 24 months shall be made available for trading for each expiration day for each call and put, such that two exercise prices are "in the money", one is "at the money" and two are "out of the money".

2.4.8 Introduction of New Option Series

Option series with new exercise prices shall be introduced for an existing expiration month no later than at the beginning of the Pre-Trading Period of a given Exchange day in the event that the minimum number of exercise prices specified in number 2.4.7 in-the-money, at-the-money or out-of-the-money, based on the last determination of the Index underlying the Options contract on the Frankfurt Stock Exchange at the close of trading of such Options contract on the Eurex Exchanges is not available any more. ~~the last determination of the Index underlying the Options contract on the Frankfurt Stock Exchange at the close of trading of the Options contract on the Eurex Exchanges on the two preceding trading days has exceeded or fallen below the average of the third- and second-highest or the third- and second-lowest then-existing exercise prices, as the case may be. In the event that none of the respective underlying indices are available at the close of trading of the Options on the Eurex Exchanges, the reference price shall be determined by the Eurex Exchanges.~~

A new optionseries shall generally not be introduced if it would expire in fewer than five Exchange days, unless market conditions make such introduction necessary.

(...)

2.5 Subpart: Contract Specifications for Options Contracts on Shares of Exchange-Traded Funds (EXTF-Options)

The following subpart contains contract specifications for Options Contracts shares of exchange-traded funds (“EXTF-Options).

(...)

2.5.7 Exercise Prices

Option series may have the following exercise prices:

Exercise Prices in EUR/CHF	**Exercise Price Intervals for Terms…**		
	up to three months	four to 12 months	more than 12 months
Up to 2	0.05	0.10	0.20
Between 2 and 4	0.10	0.20	0.40
Between 4 and 8	0.20	0.40	0.80
Between 8 and 20	0.50	1.00	2.00
Between 20 and 50	1.00	2.00	4.00
Between 50 and 100	2.00	4.00	8.00
Between 100 and 200	5.00	10.00	20.00
Between 200 and 400	10.00	20.00	40.00
More than 400	20.00	40.00	80.00

~~Exercise Prices in EUR/CHF~~	~~Exercise price intervals in * EUR/CHF~~
~~0.20 – 5.00~~	~~0.20~~
~~5.50 – 10.00~~	~~0.50~~
~~11.00 – 20.00~~	~~1.00~~
~~22.00 – 50.00~~	~~2.00~~
~~52.50 – 100.00~~**	~~2.50~~
~~55.00 – 100.00~~**	~~5.00~~
~~110.00 – 200.00~~	~~10.00~~
~~210.00 – 500.00~~**	~~10.00~~
~~220.00 – 500.00~~	~~20.00~~
~~> 500.00~~**	~~25.00~~
~~> 500.00~~	~~50.00~~

~~* for option contracts with a term of more than 18 months exercise price intervals double.~~

~~** only for the first three expiration dates in the at the money series.~~

2.5.8 Number of Exercise Prices upon Admission of Contracts

Upon the admission of Options contracts, at least ~~three~~ seven exercise prices shall be made available for each term for each call and put, such that at least ~~one~~ three exercise prices ~~is~~ are "in the money", one is "at the money" and ~~one~~ three ~~is~~ are "out of the money".

2.5.9 Introduction of New Option Series

Option series with new exercise prices shall be introduced for an existing expiration month with respect to underlying securities no later than at the beginning of the Pre-Trading Period of a given Exchange day in the event that the minimum number of exercise prices specified in number 2.5.8 in-the-money, at-the-money or out-of-the-money, based on the reference price (Chapter II number 2.5.4 of the Clearing Conditions of Eurex Clearing AG) is not available any more. ~~the reference price determined by Eurex Clearing AG (Chapter II subsection 2.5.4 of the Clearing Conditions of Eurex Clearing AG) has reached, exceeded or fallen below the average of the two highest or the two lowest then-existing exercise prices, as the case may be (established according to subsection 2.5.7).~~

A new option series shall generally not be introduced if it would expire in fewer than 5 Exchange days, unless market conditions make such introduction necessary.The Board of Management of the Eurex Exchanges may determine in more detail on such introduction.

(…)

2.6 Subpart: Contract Specifications for Options Contracts and Low Exercise Price Options on Stocks

The following subpart contains contract specifications for Options Contracts on stocks of stock corporations (stock options) and low exercise price options on stocks of stock corporations (LEPOs). Annex A subsection 2.6. provides an overview on any tradeable stock options and LEPOs as well as the contract size (subsection 2.6.1), terms (subsection 2.6.4) and price gradations (subsection 2.6.11).

(…)

2.6.7 Exercise Prices

(1) Option series of Options contracts may generally have the following exercise prices:

Exercise Prices in EUR/CHF	**Exercise Price Intervals for Terms…**		
	up to three months	four to 12 months	more than 12 months
Up to 2	0.05	0.10	0.20
Between 2 and 4	0.10	0.20	0.40
Between 4 and 8	0.20	0.40	0.80
Between 8 and 20	0.50	1.00	2.00
Between 20 and 50	1.00	2.00	4.00
Between 50 and 100	2.00	4.00	8.00
Between 100 and 200	5.00	10.00	20.00
Between 200 and 400	10.00	20.00	40.00
More than 400	20.00	40.00	80.00

~~Exercise Prices in EUR/CHF~~	~~Exercise price intervals in * in EUR/CHF~~
~~0.20 – 5.00~~	~~0.20~~
~~5.50 – 10.00~~	~~0.50~~
~~11.00 – 20.00~~	~~1.00~~
~~22.00 – 50.00~~	~~2.00~~
~~52.50 – 100.00~~**	~~2.50~~
~~55.00 – 100.00~~	~~5.00~~
~~110.00 – 200.00~~	~~10.00~~
~~210.00 – 500.00~~**	~~10.00~~
~~220.00 – 500.00~~	~~20.00~~
~~> 500.00~~**	~~25.00~~
~~> 500.00~~	~~50.00~~

~~* for option contracts with a term of more than 18 months exercise price intervals double.~~

~~** only for the first three expiration dates in the at the money series.~~

~~(2) Option series of Options contracts on stocks of French and stock corporations may have the following exercise prices different from paragraph (1):~~

~~Exercise Prices in EUR~~	~~Exercise price intervals* in EUR~~
~~0.05 – 2.00~~	~~0.05~~
~~2.10 – 4.00~~	~~0.10~~
~~4.20 – 9.00~~	~~0.20~~
~~9.50 – 20.00~~	~~0.50~~
~~21.00 – 40.00~~	~~1.00~~
~~42.50 – 100.00~~	~~2.50~~
~~105.00 – 200.00~~	~~5.00~~
~~> 200.00~~	~~10.00~~

(~~3~~2) The exercise price of a LEPO represents the smallest exercise price of an option series available in the EDP system of the Eurex Exchanges.

2.6.8 Number of Exercise Prices upon Admission of Contracts

(1) ~~Upon the admission of a contract, at least three exercise prices shall be made available for each term for each call and put, such that one exercise price is "in the money", one is "at the money" and one is "out of the money".~~

- Upon implementation of the Options contracts, at least seven exercise prices are available for trading for each call and put for each maturity with terms of more than 24 months. Three of them are in-the-money, one is at-the-money and three are out-of-the-money.

Upon implementation of the Options contracts, at least five exercise prices are available for trading for each call and put for each maturity with terms of more than 24 months. Two of them are in-the-money, one is at-the-money and two are out-of-the-money.

(2) Subsection 2.6.8 shall not apply to LEPOs.

2.6.9 Introduction of New Option Series

(1) Option series of stock options with new exercise prices shall be introduced for an existing expiration month no later than at the beginning of the Pre-Trading Period of a given Exchange day in the event that the minimum number of exercise prices specified pursuant to number 2.6.8 in-the-money, at-the-money or out-of-the-money, based on the reference price (Chapter II number 2.6.4 of the Clearing Conditions of Eurex Clearing AG) is no longer available. ~~determined by Eurex Clearing AG (Chapter II subsection 2.6.4 of the Clearing Conditions of Eurex Clearing AG) has reached, exceeded or fallen below the average of the two highest or the two lowest then existing exercise prices, as the case may be, pursuant to subsection 2.6.7.~~

(2) A new option series of stock options shall generally not be introduced if it would expire in five or less Exchange days, unless market conditions make such introduction necessary.

(3) Subsection 2.6.9 shall not apply to LEPOs.

(…)

(...)

Annex B in relation to contract specifications:

(...)

Trading Hours Options Contracts

Options Contracts on Money Market Futures Contracts

Product	Produkt-ID	Pre-Trading-Period	Continuous Trading	Post-Trading Full-Period	OTC Block Trading	Last Trading Day	
Options contracts on						Trading until	Exercise until
Three-Month EURIBOR-Futures	OEU3	07:30-08:00	08:00-19:00	19:00-20:00	08:00-19:00	11:00	20:00

All times in CET

Options Contracts on Interest Rate Futures Contracts

Product	Produkt-ID	Pre-Trading-Period	Continuous Trading	Post-Trading Full-Period	OTC Block Trading	Last Trading Day	
Options contracts on						Trading until	Exercise until
Euro-Schatz Futures	OGBS	07:30-08:00	08:00-19:00	19:00-20:00	08:00-19:00	17:15~~19:00~~	18:00~~20:00~~
Euro-Bobl Futures	OGBM	07:30-08:00	08:00-19:00	19:00-20:00	08:00-19:00	17:15~~19:00~~	18:00~~20:00~~
Euro-Bund Futures	OGBL	07:30-08:00	08:00-19:00	19:00-20:00	08:00-19:00	17:15~~19:00~~	18:00~~20:00~~

All times in CET

Index Options Contracts

Product	Produkt-ID	Pre-Trading-Period	Continuous Trading	Post-Trading Full-Period	OTC Block Trading	Last Trading Day	
						Trading until	Exercise until
DAX® Options contracts	ODAX	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	13:00	21:00
TecDAX® Options contracts	OTDX	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	13:00	21:00
OMXH25 Options contracts	OFOX	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	17:30	21:00
SMI® Options contracts	OSMI	07:30-08:50	08:50-17:20	17:20-19:00	09:00-18:30	17:20	21:00
DJ EURO STOXX 50® Index Options Contracts	OESX	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	12:00	21:00

Product	Produkt-ID	Pre-Trading-Period	Continuous Trading	Post-Trading Full-Period	OTC Block Trading	Last Trading Day	
						Trading until	Exercise until
DJ STOXX 50® Index Options Contracts	OSTX	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	12:00	21:00
DJ Global Titans 50SM Index Options Contracts	OGTI	07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	17:00	21:00
DJ Italy Titans 30SM Index Options Contracts	O1TA	07:30-08:50	08:50-17:40	17:40-20:30	09:00-20:00	09:10	21:00
DJ EURO® STOXX Sector Index Options Contracts		07:30-08:50	08:50-17:30	17:30-20:30	09:00-18:30	12:00	21:00
DJ STOXX® 600 Sector Index Options Contracts		07:30-09:00	09:00-17:30	17:30-20:30	09:00-18:30	12:00	21:00

All times in CET

(...)