X-pand into the Future

e u r e x *circular 038/04*

Date: Frankfurt, March 17, 2004
Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

⚠ **Action Required** ⚠ **High Priority**

Addendum to Eurex Circular 030/04 Concerning Changes Affecting the Exercise of German Equity Options on the Day of the Annual General Meeting as well as German EXTF Options on the Day before Dividend Payout

Related Eurex Circulars: 030/04

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Content may be most important for:

- Front Office / Trading
- Middle + Back Office
- IT / System Administration
- Auditing / Security Coordination

Attachments:

1. Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Clearing Conditions for Eurex Clearing AG

In connection with the changes announced in Eurex Circular 030/04 please find as attachments 1 and 2 to this circular the latest versions of the Contract Specifications for Futures Contracts and Options Contracts at the Eurex Exchanges and the Clearing Conditions for Eurex Clearing AG, which will be effective from April 1, 2004.

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(...)

2 Part: Contract Specifications for Options Contracts

2.1 Subpart: Specifications for Options Contracts on Stocks of German Stock Corporations (German Stock Options)

(...)

2.1.5 Term, Close of Trading, Expiration Day

(1) Options are available at the Eurex Exchanges with terms up to and including

a) the next, the second and the third succeeding expiration days as well as up to and including the next three succeeding quarterly expiration days (March, June, September, December) thereafter and up to the next two succeeding half-year expiration days (June, December) or

b) the next, the second and the third succeeding expiration days as well as up to and including the next three succeeding quarterly expiration days (March, June, September, December) and up to the next four succeeding half-year expiration days (June, December) and up to the next two succeeding year expiration days (December).

The Boards of Management of the Eurex Exchanges determine the term for each stock option pursuant to sentence 1.

(2) 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. The last trading day shall generally be the third Friday of the relevant month; provided, however, that if such Friday is not an Exchange day, the last trading day shall be the Exchange day prior to such Friday. If an exercise in an option series is not possible pursuant to the provisions of subsection 2.1.9 paragraph (1) due to the adoption of a dividend resolution on such day, the Exchange day prior to such day shall be the last trading day.

The expiration day of an option series shall generally be the Exchange day following the last trading day of the option series;~~.~~ provided, however, that if, due to the adoption of a dividend resolution, the last trading day has been changed in accordance with the above rules, the expiration day shall be the second Exchange day following the last trading day.

(3) An option series may not be cancelled so long as any Exchange Participant continues to hold open positions in such option series.

(...)

2.1.9 Exercise

(1) Options may be exercised by the purchaser on any Exchange day until the end of the Post-Trading Full Period, with the exception of a day on which a dividend resolution is passed (American style option) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. If a dividend resolution is passed on a day that is not an Exchange day, the options in question may not be exercised on the Exchange day preceding such day. The last day on which an option may be exercised shall generally be the last trading day (subsection 2.1.5 paragraph (2)).

(2) The Eurex Exchanges shall inform the Exchange Participants on each of the last 10 Exchange days before the last trading day of an option series of options contracts then becoming due.

(3) Each Exchange Participant shall be responsible for exercising its options contracts. The Eurex Exchanges shall not automatically exercise any options contracts.

(4) In the event of an EDP failure, the Eurex Exchanges must receive a written exercise request from the Exchange Participant concerned (e.g., by letter or fax) no later than the end of the Post-Trading Full Period on or before the last trading day of an options contract. Any such request transmitted to one of the Eurex Exchanges shall be deemed submitted to all Eurex Exchanges. The exercise request shall be entered by the Eurex Exchanges to the extent possible using reasonable efforts.

(5) The exercise of an option entered during the course of any day may be altered until the end of the Post-Trading Full Period on the date of entry.

(...)

2.7 Subpart: Specifications for Low Exercise Price Options (LEPO) on Stocks of German Stock Corporations

(...)

2.7.4 Term, Close of Trading, Expiration Day

(1) Options are available at the Eurex Exchanges with two terms up to and including the next two succeeding quarterly expiration days (March, June, September and December) thereafter.

(2) 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. The last trading day shall generally be the third Friday of the relevant month; provided, however, that if such Friday is not an Exchange day, the last trading day shall be the Exchange day prior to such Friday. If an exercise in an option series is not possible pursuant to the provisions of subsection 2.7.8 paragraph (1) due to the adoption of a dividend resolution on such day, the Exchange day prior to such day shall be the last trading day.

The expiration day of an option series shall generally be the Exchange day following the last trading day of the option series.; provided, however, that if, due to the adoption of a dividend resolution, the

last trading day has been changed in accordance with the above rules (subsection 2.7.4 paragraph (2) sentence 3), the expiration day shall be the second Exchange day following the last trading day.

(3) An option series may not be canceled so long as any Exchange Participant continues to hold open positions in such option series.

(...)

2.7.8 Exercise

(1) LEPOs may be exercised by the purchaser on any Exchange day until the end of the Post-Trading Full Period, with the exception of a day on which a dividend resolution is passed (American style option) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. If a dividend resolution is passed on a day that is not an Exchange day, the options in question may not be exercised on the Exchange day preceding such day. The last day on which an option may be exercised shall generally be the last trading day (subsection 2.7.4 paragraph (2)).

(2) The Eurex Exchanges shall inform the Exchange Participants on each of the last ten Exchange days before the last trading day of an option series of options contracts then becoming due.

(3) Each Exchange Participant shall be responsible for exercising its options contracts. The Eurex Exchanges shall not automatically exercise any options contracts.

(4) In the event of an EDP failure, the Eurex Exchanges must receive a written exercise request from the Exchange Participant concerned (e.g., by letter or fax) no later than the end of the Post-Trading Full Period on or before the last trading day of an options contract. Any such request transmitted to one of the Eurex Exchanges shall be deemed submitted to all Eurex Exchanges. The exercise request shall be entered by the Eurex Exchanges to the extent possible using reasonable efforts.

(5) The exercise of an option entered during the course of any day may be altered until the end of the Post-Trading Full Period on the date of entry.

(...)

2.25 Subpart: Specifications for Options Contracts on Stocks of Corporations listed on TecDAX (TecDAX Options)

(...)

2.25.5 Term, Close of Trading, Expiration Day

(1) Options are available at the Eurex Exchanges with terms up to and including:

a) the next, the second and the third succeeding expiration days as well as up to and including the next three succeeding quarterly expiration days (March, June, September, December) thereafter up to a maximum term of twelve months or

b) the next, the second and the third succeeding expiration days as well as up to and including the next three succeeding quarterly expiration days (March, June, September, December) and up to the next two succeeding half-year expiration days of the cycle June and December.

(2) 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. The last trading day shall generally be the third Friday of the relevant month; provided, however, that if such Friday is not an Exchange day, the last trading day shall be the Exchange day prior to such Friday. If an exercise in TecDAX stock options on stocks of German stock corporations is not possible pursuant to the provisions of subsection 2.25.9 paragraph (2) due to the adoption of a dividend resolution on such day, the Exchange day prior to such day shall be the last trading day.

The expiration day of an option series shall generally be the Exchange day following the last trading day of the option series.; provided, however, that if, due to the adoption of a dividend resolution, the last trading day has been changed in accordance with the above rules (subsection 2.25.5 paragraph (2) sentence 3), the expiration day shall be the second Exchange day following the last trading day.

(3) An option series may not be cancelled so long as any Exchange Participant continues to hold open positions in such option series.

(...)

2.25.9 Exercise

(1) TecDAX stock options may be exercises by the purchaser on any Exchange day until the end of the Post Trading Full Period (American style) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. The last day on which an option may be exercises shall generally be the last trading day (subsection 2.25.5 paragraph (2)).

(2) TecDAX stock options which refer to shares on German stock corporations may be exercised by the purchaser on any Exchange day until the end of the Post-Trading Full Period, with the exception of a

day on which a dividend resolution is passed (American style option) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. If a dividend resolution is passed on a day that is not an Exchange day, the options in question may not be exercised on the Exchange day preceding such day. The last day on which an option may be exercised shall generally be the last trading day (subsection 2.25.5 paragraph (2)).

(~~2~~3) The Eurex Exchanges shall inform the Exchange Participants on each of the last ten Exchange days before the last trading day of an option series of options contracts then becoming due.

(~~3~~4) Each Exchange Participant shall be responsible for exercising its options contracts. The Eurex Exchanges shall not automatically exercise any options contracts.

(~~4~~5) In the event of an EDP failure, the Eurex Exchanges must receive a written exercise request from the Exchange Participant concerned (e.g., by letter or fax) no later than the end of the Post-Trading Full Period on or before the last trading day of an options contract. Any such request transmitted to one of the Eurex Exchanges shall be deemed submitted to all Eurex Exchanges. The exercise request shall be entered by the Eurex Exchanges to the extent possible using reasonable efforts.

(~~5~~6) The exercise of an option entered during the course of any day may be altered until the end of the Post-Trading Full Period on the date of entry.

(...)

2.26 Subpart: Specifications for Low Exercise Price Options (LEPO) on Stocks of Stock Corporations listed on TecDAX of the Frankfurt Stock Exchange

(...)

2.26.4 Term, Close of Trading, Expiration Day

(1) Options are available at the Eurex Exchanges with two terms up to and including the next two succeeding quarterly expiration days (March, June, September, December) thereafter.

(2) 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. The last trading day shall generally be the third Friday of the relevant month; provided, however, that if such Friday is not an Exchange day, the last trading day shall be the Exchange day prior to such Friday. If an exercise in an option series in TecDAX stock options on shares of German stock corporations is not possible pursuant to the provisions of subsection 2.26.8 paragraph (2) due to the adoption of a dividend resolution on such day, the Exchange day prior to such day shall be the last trading day.

The expiration day of an option series shall generally be the Exchange day following the last trading day of the option series.

(3) An option series may not be cancelled so long as any Exchange Participant continues to hold open positions in such option series~~.~~; provided, however, that if, due to the adoption of a dividend resolution, the last trading day has been changed in accordance with the above rules, (subsection

2.26.4 paragraph (2) sentence 3), the expiration day shall be the second Exchange day following the last trading day.

(...)

2.26.8 Exercise

(1) A LEPO on corporations listed on TecDAX may be exercised by the purchaser on any Exchange day until the end of the Post-Trading Full Period (American style) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. The last day on which an option may be exercised shall generally be the last trading day (subsection 2.26.4 paragraph (2)).

(2) A LEPO on corporations listed on TecDAX which refers to shares of German stock Corporations may be exercised by the purchaser on any Exchange day until the end of the Post-Trading Full Period, with the exception of a day on which a dividend resolution is passed (American style) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. If a dividend resolution is passed on a day that is not an Exchange day, the options in question may not be exercised on the Exchange day preceding such day. The last day on which an option may be exercised shall generally be the last trading day (subsection 2.26.4 paragraph (2)).

(~~2~~3) The Eurex Exchanges shall inform the Exchange Participants on each of the last ten Exchange days before the last trading day of an option series of options contracts then becoming due.

(~~3~~4) Each Exchange Participant shall be responsible for exercising its options contracts. The Eurex Exchanges shall not automatically exercise any options contracts.

(~~4~~5) In the event of an EDP failure, the Eurex Exchanges must receive a written exercise request from the Exchange Participant concerned (e.g., by letter or fax) no later than the end of the Post-Trading Full Period on or before the last trading day of an options contract. Any such request transmitted to one of the Eurex Exchanges shall be deemed submitted to all Eurex Exchanges. The exercise request shall be entered by the Eurex Exchanges to the extent possible using reasonable efforts.

(~~5~~6) The exercise of an option entered during the course of any day may be altered until the end of the Post-Trading Full Period on the date of entry.

(...)

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

(...)

2.30.5 Term, Close of Trading, Expiration Day

(1) Options are available at the Eurex Exchanges with terms up to the next, the second and the third succeeding expiration days as well as up to and including the next three succeeding quarterly

expiration days (March, June, September, December) thereafter and up to the next two succeeding half-year expiration days (June, December).

(2) 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. The last trading day shall generally be the third Friday of the relevant month; provided, however, that if such Friday is not an Exchange day, the last trading day shall be the Exchange day prior to such Friday. If an exercise in an option series is not possible pursuant to the provisions of subsection 2.30.8 paragraph (1) due to the day preceding the day of the dividend payout, the Exchange day prior to such day shall be the last trading day.

The expiration day of an option series shall generally be the Exchange day following the last trading day~~.~~; provided, however, that if, due to the dividend payout day, the last trading day has been changed in accordance with the above rules, (subsection 2.30.5 paragraph (2) sentence 3), the expiration day shall be the second Exchange day following the last trading day.

(3) An option series may not be canceled so long as any Exchange Participant continues to hold open positions in such option series.

(...)

2.30.8 Exercise

(1) EXTF options, the underlying security of which is traded in the electronic trading system of the Frankfurt Stock Exchange (Xetra), may be exercised by the purchaser on any Exchange day until the end of the Post Trading Full Period, with the exception of the day preceding the day of the dividend payout (American style) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. If the day of the dividend payout is not an Exchange day, the options in question may not be exercised on the Exchange day preceding such day. The last day on which an option may be exercised shall generally be the last trading day (subsection 2.30.5 paragraph (2)).

(2) EXTF options, the underlying security of which is traded in the electronic trading system of the Swiss Stock Exchange SWX, may be exercised by the purchaser on any Exchange day until the end of the Post Trading Full Period (American style) provided that the Boards of Management of the Eurex Exchanges have not determined otherwise. The last day on which an option may be exercised shall generally be the last trading day (subsection 2.30.5 paragraph (2)).

(~~2~~3) The Eurex Exchanges shall inform the Exchange Participants on each of the last ten Exchange days before the last trading day of an option series of options contracts then becoming due.

(~~3~~4) Each Exchange Participant shall be responsible for exercising its options contracts. The Eurex Exchanges shall not automatically exercise any options contracts.

(~~4~~5) In the event of an EDP failure, the Eurex Exchanges must receive a written exercise request from the Exchange Participant concerned (e.g., by letter or fax) no later than the end of the Post-Trading Full Period on or before the last trading day of an options contract. Any such request transmitted to one of the Eurex Exchanges shall be deemed submitted to all Eurex Exchanges. The exercise request shall be entered by the Eurex Exchanges to the extent possible using reasonable efforts.

(56) The exercise of an option entered during the course of any day may be altered until the end of the Post-Trading Full Period on the date of entry.

(...)

CLEARING CONDITIONS FOR EUREX CLEARING AG

(...)

2 Part: Settlement of Transactions at Eurex Deutschland and Eurex Zürich

(...)

2.2 Subpart: Settlement of Options Contracts

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

(...)

2.2.1.4 Dividends

If a German stock option is exercised before the day on which a ~~ex~~ dividend ~~date~~resolution is passed, the new owner of the shares shall be entitled to the dividend, including any corresponding tax credits.

(...)

2.2.7 Sub-Subpart: Settlement of Low Exercise Price Options (LEPO) on Stocks of German Stock Corporations

(...)

2.2.7.4 Dividends

If a LEPO on shares of German stock corporations is exercised before the day on which a ~~ex~~ dividend ~~date~~resolution is passed, the new owner of the shares shall be entitled to the dividend, including any corresponding tax credits.

(...)

2.2.25 Sub-Subpart:
Settlement of Options Contracts on Stocks of Stock Corporations listed on TecDAX(TecDAX Stock Options)

(...)

2.2.25.4 Dividends

If a TecDAX stock option is exercised before the day on which a ~~ex~~-dividend ~~date~~resolution is passed, the new owner of the shares shall be entitled to the dividend, including any corresponding tax credits.

(...)

2.2.26 Sub-Subpart:

Settlement of Low Exercise Price Options (LEPO) on Stocks of Stock Corporations listed on *TecDAX* of the Frankfurt Stock Exchange (*TecDAX* Stock Options)

(...)

2.2.26.4 Dividends

If LEPO in shares of TecDAX stock corporations are exercised before the day on which a ~~ex~~-dividend ~~date~~resolution is passed, the new owner of the shares shall be entitled to the dividend, including any corresponding tax credits .

(...)

2.2.30 Sub-Subpart:
Settlement of Options Contracts on Shares of Exchange-Traded Funds (EXTF Options)

(...)

2.2.30.4 Distribution of Profits

If an option on Exchange-traded funds, their underlying value of which is traded in the electronic trading system of the Swiss Stock Exchange SWX, is exercised before the day on which the profits are distributed, the new owner of the underlying security shall be entitled to the distribution, including any corresponding tax credits.

(...)