X-pand into the Future

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Date: Frankfurt, June 24, 2005
Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

Introduction of New Futures Contracts on 30 Years German Government Bonds – Euro Buxl® Futures (FGBX)

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Content may be most important for:

➲ All departments

Attachments:

1. Contract Specifications of Euro-Buxl® Futures
2. Designated Market Maker Quote Obligations
3. Designated Market Maker Application
4. Updated sections of the Clearing Conditions of Eurex Clearing AG

Summary:

The Management Boards of the Eurex Exchanges decided to introduce new futures contracts on 30 years German Government Bonds (Euro-Buxl® Futures) as of **September 9, 2005**. The introduction of a 30 years futures contract with modified contract specifications is Eurex's response to strong market interest in its long-term segment and the resulting demand for an efficient and cost-effective hedging instrument. The new futures contracts will be supported by a Designated Market-Making scheme.

From the legal and technical point of view the new contract is a modification of the Euro-Buxl® Future which means that the new 30 years contract will keep the ISIN of the former product (DE0009652636) as well as the Eurex product code (FGBX). Trading in the present Euro-Buxl® Futures contracts will be discontinued with immediate effect.

This circular comprises information on the following subjects:

1. Date of introduction
2. Contract specifications
3. Trading hours
4. Transaction fees
5. Designated Market-Making
6. Clearing Conditions
7. Simulation
8. Further information

Introduction of New Futures Contracts on 30 Years German Government Bonds – Euro Buxl® Futures (FGBX)

1. Date of Introduction

The Management Boards of the Eurex Exchanges decided to introduce new futures contract on 30 years German Government Bonds (Euro-Buxl® Futures).

The introduction will take place on **September 9, 2005.**

2. Contract Specifications

Underlying	Notional long-term debt security of the Federal Republic of Germany with a remaining term of 24 to 35 years and a coupon of four percent
Eurex Product Code	FGBX
ISIN	DE0009652636
Contract Value	EUR 100,000
Settlement	A delivery obligation arising out of a short position in a Euro Buxl® Futures contract may only be fulfilled by the delivery of certain debt securities – specifically German federal government bonds (Bundesanleihen) – with a remaining term of 24 to 35 years on the Delivery Day. Such debt securities must have a minimum issue amount of EUR 10 billion.
Price Quotation	In percent of the par value, with two decimal places
Minimum Price Change	0.02 percent, equivalent to a value of EUR 20.
Delivery Day	The tenth calendar day of the relevant quarter month, if this day is an exchange trading day; otherwise the following exchange trading day.
Contract Months	The three successive quarter months of the March, June, September and December cycle
Last Trading Day	Two exchange trading days prior to the Delivery Day of the relevant delivery month. Trading in the maturing delivery month ceases at 12:30 CET
Daily Settlement Price	The closing price determined within the closing auction. If no price can be determined in the closing auction or if the price so determined does not reasonably reflect the prevailing market conditions, the daily settlement price will be the volume-weighted average price of all trades occurred during the last trading minute, provided more than five trades were effected. If this is not the case, the daily settlement price will be calculated on the basis of the volume-weighted average of the last five trades concluded, provided these are not older than 15 minutes. If a price determination according to above regulation is not possible or if the price thus determined does not reasonably reflect the prevailing market conditions, Eurex Clearing AG will establish the official settlement price.
Final Settlement Price	The volume-weighted average price of all trades occurred during the last trading minute provided more than ten trades were concluded in this period. If this is not the case, the final settlement price will be calculated on the basis of the volume-weighted average price of the last ten trades concluded, provided these are not older than 30 minutes. If a price determination according to above regulation is not possible of if the price thus determined does not reasonably reflect the prevailing market conditions, the final settlement price will be determined by Eurex Clearing AG. The final settlement prices is determined at 12:30 (CET)on the last trading day.

For the detailed contract specifications please see attachment 1.

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Fax +49-69-211-1 17 01

Management Board:
Rudolf Ferscha (CEO), Jürg Spillmann,
Daniel Gisler, Thomas Lenz,
Peter Reitz

3. Trading Hours

	Pre-Trading	Trading	Post-Trading
Euro-Buxl® Futures	07:30-08:00	08:00-19:00	19:00-19:30

* all times in CET; on the last trading day until 12:30

4. Transaction Fees

The transaction fees for trading Euro-Buxl® Futures remain unchanged at EUR 0.20 per contract for matching order book transactions and at EUR 0.30 per contract for recording OTC transactions.

5. Designated Market-Making

As a Designated Market Maker the Eurex participant undertakes to supply continuously bid and ask quotes for a determined minimum amount of contracts during a fixed period of time, observing maximum spreads. Designated Market-Making will be available between September 9, 2005 and March 31, 2006.

If the Market Maker fulfills its obligations, Eurex in return will reimburse 100 percent of the trading and clearing fees for the transactions concluded by the Market Maker on the M-accounts. Furthermore, Market Makers who apply for market-making before September 9, 2005 and who comply with their obligations for six months out of seven months (September 2005 until March 2006) will receive, until March 31, 2007, an additional 100 percent refund of all trading and clearing fees for transactions concluded on the M-accounts.

For details and the exact parameters of the Designated Market-Making scheme please see attachment 2.

Participants interested in fulfilling Designated Market Maker functions are requested to complete and fax back the enclosed Designated Market Maker application (attachment 3) for the attention of Nadja Urban, Eurex, fax no. +49-69-211-61 51 05.

6. Clearing Conditions

The updated sections of the Clearing Conditions for Eurex Clearing AG are comprised in attachment 4.

7. Simulation

The Euro-Buxl® Future will be available for simulation as of July 18, 2005. As far as system data are concerned, the new contract is a modification to the Euro-Buxl® Future existing so far, which means, the new future will keep the product ISIN (DE0009652636) of the former Euro-Buxl® Future as well as its Eurex product code (FGBX).

8. Further information

Further information about trading Euro-Buxl® Futures at Eurex (such as operative parameters, vendor codes etc.) will be published in another circular in due time prior to introduction.

Frankfurt, June 24, 2005

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(…)

1.2 Subpart: Contract Specifications for Fixed Income Futures Contracts

The following subpart contains contract specifications for futures contracts on notional debt securities of the Federal Republic of Germany with different terms (Euro Schatz Futures, Euro Bobl Futures, Euro Bund Futures und Euro Buxl® Futures), which are hereafter referred to as "Euro Fixed Income Futures" and futures contracts on a long term national bond of the Swiss Confederation (CONF Futures).

1.2.1 Subject Matter of Contract

(1) A Euro Fixed Income Futures is a futures contract on a notional debt security of the Federal Republic of Germany

- with a term of 1.75 to 2.25 years and a coupon of 6% (Euro Schatz Futures), or
- with a term of 4.5 to 5.5 years and a coupon of 6% (Euro Bobl Futures), or
- with term of 8.5 to 10.5 years and a coupon of 6% (Euro Bund Futures), or
- with a term of ~~20~~24~~.~~ to ~~30.5~~35 years and a coupon of ~~6~~4% (Euro Buxl® Futures).

The par value of any such contract is EUR 100,000.

(2) A CONF future is a futures contract on a national bond of the Swiss Confederation with a remaining term of 8 to 13 years and an interest rate of 6%. The par value of any such contract is CHF 100,000.

1.2.2 Obligation for Performance

(1) After the close of trading in the respective Euro Fixed Income Futures Contract, the seller of a Euro Fixed Income Futures undertakes to notify debt securities with the nominal value of the respective contract from the respective basket of deliverable bonds and to deliver such debt securities on the delivery day (subsection 1.2.6 paragraph (1)). Debt securities denominated in EUR from the Federal Republic of Germany may be selected for delivery, having a non-redeemable remaining term pursuant to subsection 1.2.1 paragraph (1). The debt securities must have a minimum issue volume of EUR 5 billion – for Euro Buxl Futures contracts, a minimum issue volume of EUR 10 billion applies.

(2) After the close of trading in CONF Futures Contracts, the seller of a CONF-Futures undertakes to notify bonds with the nominal value of the contract and to deliver on the time of delivery (subsection 1.2.6 paragraph 1). Bonds denominated in Swiss Francs from the Swiss Confederation may be selected for delivery, having a remaining term pursuant to subsection 1.2.1 paragraph (2). In the case of bonds with an early redemption option, the first and last possible redemption dates as of the time of delivery of the contract must be between 8 and 13 years. The bonds must have a minimum issue volume of CHF 500 million.

(3) The purchaser shall be required to pay the tender price (Chapter II, subsection 1.3.4 of the Clearing Conditions of Eurex Clearing AG).

1.2.3 Term

For Fixed Income Futures Contracts terms expiring on the delivery day (subsection 1.2.6 paragraph (1)) of the next, the second succeeding and the third succeeding delivery months are available at the Eurex Exchanges. Delivery months are the quarter-end months March, June, September and December.

1.2.4 Last Trading Day, Close of Trading

The last trading day of the Fixed Income Futures contracts shall be two Exchange days prior to the delivery day (subsection 1.2.6 paragraph (1)) of the relevant quarter-end month.

Trading in Fixed Income Futures Contracts shall end at 12:30 p.m. CET on the last trading day.

1.2.5 Price Gradations

(1) The price of a Euro Schatz Futures contract shall be quoted as a percentage of their par value, with three decimal places. The minimum change in price ("Tick") shall be 0.005 percent; this represents a value of EUR 5.

(2) The price of Euro Bobl Futures, Euro Bund Futures, Euro Buxl® Futures and CONF Futures contracts shall be quoted as a percentage of their par value, with two decimal places. The minimum change in price (“Tick”) shall be 0, 01 percent, the tick in Euro Buxl Futures contracts shall be 0.02 %; this represents a value of EUR 10 for the Euro Fixed Income Futures contracts or EUR 20 for Euro Buxl Futures contracts and CHF 10 for the CONF Futures contracts.

1.2.6 Delivery

(1) The delivery day of Fixed Income Futures contracts shall be the tenth calendar day of the respective quarter-end month; provided, however, that if such day is not an Exchange day, delivery shall occur on the next succeeding Exchange day.

(2) The debt securities that may be used to perform Fixed Income Futures contracts as well as the conversion factors to be applied thereto shall be determined by Eurex Clearing AG and shall be

made available to the Exchange Participants in the system of the Eurex Exchange. The conversion factor adapts the price of the debt securities available for delivery to that of the contract at the end of trading.

At the time of delivery, the debt securities identified for performance must have a fixed coupon as well as a remaining uncallable term pursuant to subsection 1.2.1, whereas as regards CONF Futures contracts an early redemption of bonds foreseen for delivery may not be possible until 8 years have passed.

(3) Any physical delivery shall be effected delivery versus payment directly between the clearing participants. Deliveries shall be effected between the Clearing Members and Eurex Clearing AG. Each Clearing Member shall be responsible for deliveries to the Non-Clearing Members served by it and its own customers; the performance of deliveries by Non-Clearing Members to their customers is the responsibility of the Non-Clearing Members. Exchange Participants may only effect onward deliveries of notified debt securities that have been allocated to their Agent Position Accounts or designated for delivery by their customers.

(...)

Designated Market Maker Scheme for Euro-Buxl Futures

Quote Obligations

Eurex Code:	**FGBX**
Minimum Size:	10 contracts on the bid and ask side
Maximum Spread:	2 ticks = EUR 0.04

OR

Minimum Size:	20 contracts on the bid and ask side
Maximum Spread:	3 ticks = EUR 0.06

Quotation Period:

70 percent of the daily trading period between 08:00 CET and 19:00 CET on a monthly average

Market Makers will be obliged to supply bid and ask quotes only in the front month contracts until three exchange trading days immediately preceding the last trading day of the front month contract; afterwards market makers have the choice of quoting the front or the next contract month.

The commitment period starts September 9, 2005 and ends March 31, 2006.

Designated Market Maker Fees:

From September 9, 2005 up to the March 31, 2006 a total refund of trading and clearing fees for contracts traded on M-accounts will be paid on a monthly basis in case of fulfillment.
Market Makers who apply before September 9, 2005 and who fulfil the quotation obligations in at least six out of the seven months of the commitment period will receive an additional 100 percent refund of all trading and clearing fees occurred on M-account volume up to March 31, 2007.

Application Form - Designated Market Making Scheme

To Eurex
Product Design Fixed Income
Nadja Urban
Neue Börsenstraße 1

60487 Frankfurt am Main

Fax no.: +49-69-211-61 51 05

Application for the Status of Designated Market Maker in Euro Buxl® Futures

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in the following contract

Product	**Eurex Code**	**Please tick your interest ✓**
Euro Buxl® Futures	FGBX	☐ yes

for the period from September 9, 2005 until March 31, 2006 (commitment period) in accordance with the terms and conditions stated in the DMM Quote Obligations (attachment 2).

2. As a Designated Market Maker

a) We will provide bid and ask quotes on a continuous basis

- for the minimum number of contracts specified in the DMM Quote Obligations
- in compliance with the Maximum Spreads (see DMM Quote Obligations); and
- for the period of time specified in the DMM Quote Obligations

b) We will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who 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 fulfill the relevant obligations.

3. Eurex will in return

   a) mention the name of the Eurex member with the Designated Market Maker status – if so desired – in advertising and informative material in connection with the contracts;

   b) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding the fixed income futures; and

   c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on M-accounts up to March 31, 2006 in case of fulfillment. The Market Makers joining the scheme before September 9, 2005 and who fulfill the quotation obligations in at least six out of the seven months of the commitment period will receive an additional 100 percent refund of all trading and clearing fees for transactions in Euro-Buxl® futures on M-account up to March 31, 2007. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made for Euro Buxl® Futures which are traded on A- or P-accounts.

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex.

   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' 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 or due to a revision of the law or rules with respect to the contract, 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 associated DMM Quote Obligations.

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 is not expected to have an adverse effect on market quality). In the event that Eurex amends one or more conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers 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 March 31, 2006. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The associated DMM Quote Obligations (attachment 2) are an integral part of this application.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)

_____

Place, date

_____ _____

Name Position

Phone	Fax
(Signature / Stamp of the firm)	E-mail address

Please send the completed application for the status of Designated Market Maker to the indicated fax number.

II. Chapter: Transactions at Eurex Deutschland and Eurex Zürich

(…)

1.3 Subpart:

Clearing of Fixed Income Futures Contracts

The following sub-parts shall rule the Clearing of transactions of Futures Contracts which have been named in number 1.2 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich.

1.3.1 Procedures in Delivery and Payment

All matching payments shall be settled with physical delivery directly between the Clearing members on the second exchange day after the notice day (number 1.3.5 paragraph 2).

The physical payments shall be settled via a bank for central depository of securities recognized by Eurex Clearing AG or a Custodian or Central Securities Depository; the payments shall be settled via the respective account determined by the bank for central depository of securities or the Custodian or the Central Securities Depository.

All Clearing Members and Eurex Clearing AG must ensure, via commissioning of the respective bank for central depository of securities or the custodian or central securities depository, that the transaction can be handled on that exchange day when the delivery notice is given. All Clearing Members have to ensure their ability to effect deliveries as well as payments by having sufficient credit balances in their account at a bank for central depository of securities or of the custodian or central securities depository and sufficient credit balances on the account of the Clearing Member for euro-fixed Futures Contracts at a a branch of the Central Bank of Germany (Deutsche Bundesbank); for CONF-Futures Contracts at the Swiss National Bank. .

1.3.2 Daily Settlement Price

As a rule, the daily settlement price corresponds to the closing price as settled in the closing auction. If it is not possible to determine a closing price within the closing auction or if the price so determined does not reflect the true market conditions, the settlement price shall be determined on the basis of the volume-weighted average of the prices of all transactions executed within the final trading minute, provided that in such period of time, more than five transactions have been executed. If this is not the case, the settlement price shall be determined on the basis of the volume-weighted average of the prices of the last five executed transactions provided that no more than 15 minutes have passed since this transaction ~~or the volume-weighted average of the prices of all transactions executed within the last trading minute, proviced that more than five transactions have been executed~~.

1.3.3 Final Settlement Price

The final settlement price is determined by Eurex Clearing AG on the last exchange day (subsection 1.2.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich) at 12:30 pm CET. The final settlement price corresponds with the volume-weighted average of the prices of all transactions executed within the final trading minute, provided that in such period of time, more than ten transactions have been executed. If this is not the case, the settlement price shall be determined on the basis of the volume-weighted average of the prices of the last ten executed transactions, provided that no more than 30 minutes have passed since these transactions ~~or the volume-weighted average of the prices of all transactions executed within the last trading minute, proviced that more than ten transactions have been executed~~. If the calculation of the final settlement price pursuant to the aforementioned regulation is not possible or if the calculated price does not reflect the real market situation, Eurex Clearing AG determines the final settlement price.

1.3.4 Tender Price

The tender price shall equal the nominal value of the contract, multiplied with the final settlement price of the respective contract, multiplied with the conversion factor of the tendered debt security, plus the interest accrued since last interest payment date.

1.3.5 Performance, Delivery

(1) A delivery obligation arising out of a short position in a Euro-fixed income futures contract may only be performed by the debt securities determined by Eurex Clearing AG. For delivery, debt securities denominated in EUR with a fixed coupon of the Federal Republic of Germany can be chosen with a remaining uncallable term of:

- 1.75 up to 2.25 years for Euro-treasure futures contracts
- 4.5 upt to 5.5 years for Euro-Bobls futures contracts
- 8.5 up to 10.5 years for Euro-federal futures contracts
- ~~20~~ 24 up to ~~30.5~~35 years for Euro-Buxl futures contracts

The bonds have to possess a minimum issuance volume of EUR 5 billion, Euro Buxl Futures Contracts, in contrast, have to amount to a minimum issuance volume of EUR 10 billion.

A delivery obligation arising out of a short position in a CONF futures contract may only be performed by obligations determined by Eurex Clearing AG. Obligations of the Swiss Confederation denominated in Swiss Francs with a remaining term of at least eight years up to 13 years at most can be chosen. Concerning obligations

with early redemption option, the first and last possible redemption date at the point of delivery of the contract must be between eight and 13 years. The obligations must possess an minimum issuance volume of CHF 500 millions.

(2) Two exchange days prior to the tenth calendar day of a quarter month (notification day), the Clearing Members with open short positions must indicate the type of bonds they will deliver to Eurex Clearing AG after transaction closing until the end of the post-trading full-period. Existing delivery notifications can be changed until closing of the post-trading full period. If a delivery notice is not made in a timely manner, Eurex Clearing AG determines the bonds to be deliverd by the Clearing Member. The actual amount of notified debt securities have to be confirmed by Clearing Members vis-à-vis Eurex Clearing AG one day prior to the delivery day.

(3) Eurex Clearing AG will, after the end of the Post-Trading Period on the Notice Day, allocate to the Clearing Members with open long positions the bonds notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Clearing Members will be informed on the next Exchange day as to which bonds were allocated to them and at what tender.

(4) Paragraphs (1) to (3) shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and their Non-Clearing Members; paragraph (3) shall apply mutatis mutandis to the legal relationship between Clearing Members or Non-Clearing Members, as the case may be, and their respective customers.

(...)