X-pand into the Future

e u r e x *circular 119/02*

Date: Frankfurt, December 19, 2002
Recipients: All Eurex members and vendors
Authorized by: Rudolf Ferscha

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

Invitation for Members to Propose a Designated Market Making Scheme for the Three-month Euribor Future

Related Eurex Circulars: 016/01

Contact: Mehtap Dinc (Product Development): Tel. +49 (0)69-2101-7284; e-mail: Mehtap_Dinc@eurexchange.com

Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Coordination	Proposal for Participation in the Market Making Scheme for the Three-Month-Euribor Future

A Designated Market Making Scheme has been in operation on the Three-month Euribor Future since the product was first introduced in September, 1998. In order to extend the supply of necessary liquidity and to build on the existing market share in Euribor Futures, the Eurex Management Boards have made the decision to offer Designated Market Making once more. The concept is similar to that proposed last year (see Circular 016/01) by which the Designated Market Making conditions can be negotiated individually between the member and the exchange. In return for fulfilling the agreed obligations Designated Market Makers will be offered a refund of 80% of the trading and clearing fees for contracts traded on the M accounts (pre Give-up).

In order to participate in Designated Market Making it is first necessary for interested members to make a written proposal to Eurex giving details of the quote obligations they would be prepared to undertake in the Three-month Euribor Future.

Each proposal must contain the following information:

- Quote duration
- Number of maturities
- Minimum quote sizes
- Maximum Bid/Ask Spread

Eurex will evaluate all Designated Market Maker proposals according to whether the member's proposed quote obligations (duration, sizes, spreads) will lead to a clear improvement in the current market position of the Three-month Euribor Future. On the Eurex side, the proposals which best promote exchange trading in this product will be selected.

Subject to receipt of one or more acceptable proposals, introduction of the new Designated Market Making Scheme is planned for January 13, 2003. The duration of the scheme is initially limited until December 31, 2003.

The written proposal for the Designated Market Making scheme should be made on the attached form, and should be returned to the Eurex Product Development department by January 7, 2003 at the latest.

To Eurex Product Development
Mehtap Dinc
60485 Frankfurt am Main

Fax no.: +49 (0)69-2101-4461

Proposal for Participation in the Designated Market Making Scheme for the Three-Month-Euribor Future

For participation in the Designated Market Making Scheme for the Three-Month-Euribor Futures contract

we, _____ propose the following:
(Name of member)

1. Quote Obligations:

Year	Name	Months	Quote Size	Bid/Ask Spread*	Quotation Time
1	White Months	1st Quarterly month		Bps	%
1		2nd Quarterly month		Bps	%
1		3rd Quarterly month		Bps	%
1		4th Quarterly month		Bps	%
2	Red Months	5th Quarterly month		Bps	%
2		6th Quarterly month		Bps	%
2		7th Quarterly month		Bps	%
2		8th Quarterly month		Bps	%
3	Green Months	9th Quarterly month		Bps	%
3		10th Quarterly month		Bps	%
3		11th Quarterly month		Bps	%
3		12th Quarterly month		Bps	%

* 1 Basis point (Bps) = 2 ticks

_____
Place, date

_____ _____
Name Position

_____ _____
Phone Fax

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

Please send the completed offer for the Three-month Euribor Futures Market Making Scheme to the indicated fax number no later than **January 7, 2003**.