e u r e x *circular 118/99*

To: All Eurex members and vendors

Date: Frankfurt, 26th November 1999

New Default Penalty Regulation for Late Delivery of Stocks

Dear Sir or Madam,

On 24th November 1999 the Executive Board of Eurex Clearing AG made the decision, effective immediately, to change Section 2.2.1.5 paragraph 3 of the Clearing Conditions for Trading at Eurex Deutschland and Eurex Zürich. The revised text is attached to this circular.

At the same time, the Executive Board of Eurex Clearing AG redefined the amount of the default penalties arising from late delivery of stocks, as follows:

- For the time being, if the delay in delivery is only one day, Eurex Clearing AG will waive the levy of a default penalty.
- The default penalty per day and per product (underlying deliverable) will be:
  - CHF 800 for stocks denominated in Swiss Francs
  - EUR 500 for stocks denominated in euro

If you have any questions, our Clearing help-desk on Tel. +49 (0)69-2101-1250 will be pleased to assist you.

Yours sincerely,

Otto E. Nägeli

Hartmut Klein

Attachment

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Clearing Conditions for Trading 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)

(...)

2.2.1.5 Default in Delivery or Payment

(...)

(3) Any costs arising from the measures taken in accordance with 2.2.1.5 paragraph (1) must be paid by the defaulting Clearing Member. Furthermore, Eurex Clearing AG will charge the defaulting Clearing Member a contractual penalty. Eurex Clearing AG may waive such penalty wholly or partially in cases where such default in delivery does not exceed one Exchange day. The contractual penalty shall be calculated as follows:

- Irrespective of whether Eurex Clearing AG has suffered any damage, the defaulting Clearing Member shall be obligated to pay a contractual penalty in the amount established by Eurex Clearing AG ~~of 0.5 percent the overdue delivery~~ per product per calendar day, ~~but no less than EUR 500 or CHF 850,~~ plus a percentage of the outstanding amount to be announced by Eurex Clearing AG in advance. Such percentage shall be based on the money-market rates prevailing in the market.

(Additions are underlined; deletions are struck through.)