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To: All Eurex members and vendors

Date: Frankfurt, 10th December 1999

Introduction of New Emergency Position Management Procedure

Dear Sir or Madam,

On December 8th, 1999 the Executive Boards of the Eurex Exchanges made the decision to introduce a new Emergency Procedure (EPM –Emergency Position Management). This procedure, which was outlined in Circular 60/99 has been devised as part of the Business Continuity Programme of Deutsche Börse Group and Eurex. In the intervening period the procedure has been refined and tested in simulation with selected Clearing Members. The procedure will come into effect during any technical state of emergency declared by Eurex on or after December 13th, 1999. The previous 'HAS Trading' procedure applying to declared emergencies is effectively replaced by this EPM procedure, and is then no longer valid. The 'On Behalf Of' facility is unaffected.

Direct use of the EPM procedure is available only to Clearing Members. NCMs wishing to make use of the facility must communicate with their Clearer in order to manage their positions during emergencies.

The remainder of this circular is directed only at **Clearing Members** who need to prepare for use of the procedure.

Access using the **Internet** procedure requires installation of special 128 bit encryption software through which the data passing between the Member and Eurex is secured. This software can be downloaded from the Internet site **https://download.eurex.bcp.exchange.de**, but the site can only be accessed using the User ID and Password sent by Eurex to your institution. The site also provides an installation guide for this software. The download-area on the web-site mentioned above is available at all times. **On 1st and 2nd January 2000** Clearing members will have the possibility to perform a test log-on to the emergency front end on the web-site **https://eurex.bcp.exchange.de.** However, no EPM facilities will be available.

As the Eurex Central Co-ordinator for your Clearing institution, you will receive a separate letter containing the user Id and password for the download-area and a list of the User Ids for the accounts to access the Internet front end. The passwords for the front-end accounts will be sent in a further letter, with each password in an individual envelope. These should be handled securely.

You will also receive a number of packages containing EPM fax forms specific to your institution, for submitting EPM dispositions when using the **fax procedure**.

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D-60313 Frankfurt am Main
www.eurexchange.com

Eurex Member Readiness
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Executive Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

In order to use the emergency **Intranet** procedure each Clearing Member must nominate a representative who should be given access to Königsberger Strasse 29, 60487 Frankfurt am Main (see attached fax-form). Proof of identity must be presented before the nominated person will be allowed entry to the Eurex building during the state of emergency. Clearing Members are asked to complete the attached fax reply with the information requested.

Please note that position management transactions entered via the EPM procedures do not need to be reported to BAWe under §9 of the securities trading regulations (WpHG).

Attached you will also find a copy of two 'Quick Reference' Guides; one describing the procedure in general, and the other related to the restart of the system and resumption of normal operation. The full Member Manual is published in the Members' section of the Eurex Web-site "www.eurexchange.com" under 'Manuals/Emergency procedures' and also on the Web-Site "https://download.eurex.bcp.de".

Please ensure that all of the attachments to this circular and the information that Clearing members will receive by post (User IDs, passwords, and EPM fax forms) are forwarded to the appropriate person in your institution.

If you have any questions, please contact Andreas Prochazka on +49 (0)69-2101-6359 or Manfred Weber on Tel. +49 (0)69-2101-5946.

Yours sincerely,

Otto E. Nägeli

Hartmut Klein

Attachments

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X-pand into the **Future**

e u r e x *Clearing Member EPM Representative*

All Clearing Members should return this official registration form by 15th December 1999 by fax to Eurex Member Readiness +49(0)69-2101-1701. NCMs should not respond.

To

Eurex Functional Member Readiness
Andreas Prochazka

Fax:+49-(0)69-2101-1701
Tel: +49-(0)69-2101-6359

From

Member name:

Member ID:

— — — — —

- **The nominated representative who – in the case of the introduction of the intranet facility – should be given access to Königsberger Strasse 29, 60487 Frankfurt is: (This person will have to present proof of identity)**

Representative (please print name):

_____

Fax:

_____

Tel:

_____

Date/Place Name Signature

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e u r e x *information*

Business Continuity Planning – Eurex Emergency Position Management (EPM) –

Functional Quick Reference Guide

Please note of the following points and activities related to a Eurex emergency and the use of the EPM procedure:

1) The status of the EPM procedure (EPM Start, times of the EPM phases, times of report transmissions, and end of day) and of the Eurex system can be found via the Information vendors (Reuters Pages EUREX09-EUREX10).

2) Ensure that your Trading and Settlement departments are advised of the emergency and are appropriately organised

3) To participate in the EPM procedure, Internet access with 128 bit encryption must be available. Software providing 128-bit encryption can be found under **https://download.eurex.bcp.exchange.de** (User Ids and Log-in passwords for access to this Internet site are available in your institution). The installation takes approximately 30 minutes.

4) The input mask for EPM dispositions can be found under **http://.eurex.bcp.exchange.de** (User Ids and Log-in passwords are available in your institution).

5) It is recommended to establish a separate “EPM Position” book, so that a control mechanism exists.

6) During EPM phases 1 and 2, exercises may be submitted exclusively by fax to Eurex on +49 (0)69 2101 4270. A fax pro forma is available on the Internet download site **https://download.eurex.bcp.exchange.de** as well as on the last page of the EPM Member Manual.

7) For questions Eurex Market Supervision can be contacted by telephone on +49 (0)69 2101-1250 (Clearing) -1210 (Equities) -1220 (Index products) -1240 (Interest Rate Products). In an emergency, the Eurex Technical Help-desk on Tel. +49 (0)69-2101-1200 or the Functional Member Readiness Team on Tel. +49 (0)69-2101-1700 are also available to assist you.

8) Affected Clearing members will be informed of any margin calls at the end of the day (after 20.00 CET) by fax or telephone.

9) Variation Margin and Premium will not be booked or secured separately during the EPM procedure. Therefore there is no basis for accounting towards LZB/SNB.

Full details are available from the web-site **https://download.eurex.bcp.exchange.de** which contains the following:

a) EPM Member Manual (also available from the Members’ section of the Eurex web-site “eurexchange.com” under Manuals/Emergency Procedures.
b) Installation Manual for SafePassage (encryption software).
c) Quick Reference Guide to the Eurex EPM Front-end.
d) Fax pro forma “EPM Exercise”.

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e u r e x *information*

Business Continuity Planning – Eurex Emergency Position Management (EPM) –

Functional Quick Reference Guide – Restart Phase

Please take note of the following points and activities related to a Eurex Restart following the emergency EPM procedure:

1) The current status of the Restart (times of the Restart phases) can be found via the Information vendors (Reuters Pages EUREX09-EUREX10)

2) Ensure that your Trading and Settlement departments are advised of the times of the individual phases of the Restart.

3) On a Restart the System date will still be date of the failure i.e. all EPM trades will have been entered into the system with the failure date.

4) Members will receive no BOF/Broadcast messages concerning EPM data entered into the system, nor any Eurex messages from the date of the failure.

5) Members will have the opportunity to verify their positions in the Eurex system after entry of the EPM data. For this purpose, the Eurex system will be placed in the Pre-or Post-trading state with the system date set at the date of the failure. Members may make Position Transfers. Exercises and Trade Adjustments cannot be carried out. Settlement Prices will be transmitted.

For questions or inconsistencies Eurex Market Supervision can be contacted by telephone on +49 (0)69 2101 – 1250 (Clearing) -1210 (Equities) -1220 (Index products) -1240 (Interest Rate Products).

6) After the on-line verification, the Eurex system will be closed to members. A batch will be run. The member will receive Theoretical prices. BOF/Broadcast messages will only be issued insofar as they result from transaction processed in the batch (e.g. Position Transfers). These BOF/Broadcast messages will contain no information concerning the EPM transactions entered.

7) Before the start of Eurex trading, there will be an extended Pre-trading phase to support order management. Premium and Variation Margin will be calculated for LZB/SNB, and any additional security requested during the EPM procedure will be offset.

8) In an emergency, in addition to the contact numbers given in point 5, the Eurex Technical Help-desk on Tel. +49 (0)69-2101-1200 or the Functional Member Readiness Team on Tel. +49 (0)69-2101-1700 are available to assist you.

Further detailed information can be found in the EPM Member Manual. This can be found in the Members' section of the Eurex web-site "eurexchange.com" under Manuals/Emergency Procedures. It is also available form the web-site **https://download.eurex.bcp.exchange.de**.

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