X-pand into the Future

e u r e x *circular 120/03*

Date: Frankfurt, November 14, 2003
Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

Exercise "on behalf" through the Clearing Member

Contact: Clearing Helpdesk: +49-69-211-1 12 50

Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office	Declaration of Exemption

With regard to the exercise of options on the last trading day, some individual Non-Clearing Members of Eurex Clearing AG (hereafter NCMs) could not be reached on the telephone number given to Eurex Clearing AG and published in the "Member General Information" or were not available at all.

In the past, since these NCMs had not exercised or closed positions "in the money", in some cases for considerable amounts, the respective Clearing Member (hereafter CM) of the NCM concerned applied for the latter with Eurex Clearing AG for the exercise "on behalf" of the transactions involved.

According to section 1.8.2 para. (4) of the Clearing Conditions of Eurex Clearing AG, a CM may not generally exercise or close any position opened by one of its NCMs. In order to establish a standardized procedure for this exceptional situation, in accordance with Sub-subpart 1.8.2 para. (4) of the Clearing Conditions of Eurex Clearing AG and to protect the NCMs concerned from financial losses, the NCM may authorize its CM to act in such an exceptional situation. Based on this authorization granted by the respective NCM to its CM permitting the possibility of transactions "on behalf" by the CM in the specific exceptional situation mentioned above, the CM will be entitled by means of the attached form

- to apply to Eurex Clearing AG, on behalf of its NCM, for a position transfer (among the different accounts of the respective NCM) followed, if necessary, by a "close-out", and
- to apply to Eurex Clearing AG for its NCM, to exercise option positions "on behalf".

The transactions detailed above only apply on the last trading day of a product for any NCM position due to expire.

The exercise of the special provision described above and including authorization by the NCM does not release the NCM from its obligations under section 3.4.1 of the Exchange Rules for Eurex Deutschland and Eurex Zürich, according to which at least one qualified NCM backoffice staff member must be physically present at all times during the Exchange day and must be contactable by telephone or fax.

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Vorsitzender des Aufsichtsrates:
Dr. Markus Granziol

Vorstand:
Rudolf Ferscha (Vorsitzender), Daniel Gisler, Thomas Lenz, Peter Reitz, Jürg Spillmann, Michael Widmer

Aktiengesellschaft mit Sitz in Frankfurt/Main
HRB Nr. 44828
Amtsgericht Frankfurt/Main

Declaration of Exemption

to

Eurex Clearing AG

Neue Börsenstraße 1

60485 Frankfurt am Main

We are in a contractual relationship according to sub-part 1.8.1 of the Clearing Conditions for Eurex Clearing AG with

_____

_____

_____

(NCM)

with regard to the processing of all NCM transactions pursuant to the relevant paragraphs of the Clearing Conditions of Eurex Clearing AG.

We refer to Circular 120/03 and our related current NCM authorization to exercise and close out positions on behalf of the NCM for the following options contracts:

Options series	**Number of contracts**
_____	_____
_____	_____
_____	_____

and have the following obligations to Eurex Clearing AG:

1. We undertake and confirm vis-à-vis Eurex Clearing AG that for all NCM positions exercised or closed out upon our request by Eurex Clearing AG or any other third party authorized by it, we have appropriate valid authorization from the NCM (proxy obligation)
2. Further we undertake not to place any requests to exercise or close out NCM positions vis-à-vis Eurex Clearing AG unless we are in possession of a valid NCM authorization (non-exercise undertaking).

We exempt Eurex Clearing AG, Eurex Deutschland, Eurex Zürich AG and Eurex Frankfurt AG from any liability for damages resulting from the proxy obligation or the non-exercise undertaking mentioned above. We will assume full liability for any NCM damages arising from any infringement of the obligations specified above.

As to the guaranteed constant availability of a Clearing Member or an Exchange Participant, the Clearing Conditions for Eurex Clearing AG, in particular sub-part 1.8.2 paragraph (4) apply as well as the Exchange Rules for Eurex Deutschland and Eurex Zürich, in particular sub-part 3.4.1 in their current valid versions.

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[PLACE and DATE] [NAME: GCM/DCM]