e u r e x *circular 106/99*

To: All Eurex members and vendors

Date: Frankfurt, 20th October 1999

Modification to Eurex Circular 42/99
Price Factor Calculation for Euro-Capital Market Futures - Euro-BUND, Euro-BOBL, Euro-Schatz and Euro-BUXL

Dear Sir or Madam,

On the occasion of the issue of the new government bond with WKN 113513 - maturity 04.01.2010 - a faulty parameter was identified in the current Eurex price factor formula.

The parameter "*n*" in Eurex Circular 42/99, defined as "= number of complete years from the delivery date until maturity of the bond", should be corrected to:

***n* = number of complete years from the Next Coupon Date until the maturity of the bond.**

The full corrected formula for calculation of the price factors for Euro-capital Market Futures Euro-BUND, Euro-BOBL, Euro-Schatz and Euro-BUXL is attached to this circular.

If you have any questions, please contact either of the following:

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Yours sincerely,

Jörg Franke Hartmut Klein

Attachment

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Appendix 20.10.1999

Price Factor Calculation for Euro-Capital Market Futures - Euro-BUND, Euro-BOBL, Euro-Schatz and Euro-BUXL

$$PF = \frac{1}{1{,}06^{\,f}}\left[\frac{c}{100} * \frac{\delta_i}{act_2} + \frac{c}{6}\left(1{,}06 - \frac{1}{1{,}06^{\,n}}\right) + \frac{1}{1{,}06^{\,n}}\right] - \frac{c}{100} * \left(\frac{\delta_i}{act_2} - \frac{\delta_e}{act_1}\right)$$

Originating from the reference point:

DD = (Delivery Date)

first calculate the following dates:

LCD = Last (previous) Coupon Date (or start of the interest payment period)

NCD = Next Coupon Date

NCD1y = 1 Year before NCD

NCD2y = 2 Years before NCD

From that, the parameters used in the formula above are calculated as follows

$\delta_e = NCD\ 1y - DD$

act_1 = NCD - NCD1y, when $\delta_e < 0$

NCD1y - NCD2y, when $\delta_e \geq 0$

$\delta_i = NCD\ 1y - LCD$

act_2 = NCD - NCD1y, when $\delta_i < 0$

NCD1y - NCD2y, when $\delta_i \geq 0$

$f = 1 + \frac{\delta_e}{act_1}$

c = Coupon Rate (e.g. 4% = 4,0)

n = number of complete years from the Next Coupon Date until maturity of the bond.
