



eurex circular 078/01

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Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler



Action Required

Introduction of U.S. Stock Options on AOL Time Warner, Cisco Systems, Citigroup, EMC, General Electric, IBM, Intel, Microsoft, Oracle and Sun Microsystems

Contact: Holger Stürtz (Product Development): Tel. +49 69-2101-7251
e-mail: Holger_Stuertz@exchange.de

Content may be most important for:

☞ All Departments

Attachments:

1. Contract Specifications – U.S. Stock Options
2. Contract Specifications – U.S. LEPOs
3. Market Maker Quote Obligations and Quote Spread Classification of Options
4. Market Maker Application - Options

Summary

On **24 September, 2001** Eurex will introduce U.S. American stock options, including LEPOs, on AOL Time Warner, Cisco Systems, Citigroup, EMC, General Electric, IBM, Intel, Microsoft, Oracle and Sun Microsystems.

The set-up of the new instruments will follow the normal pattern for stock options and LEPOs at Eurex (Attachments 1 and 2).

A pre-condition of the introduction is that at least three market makers have agreed to quote each of the options.

The circular contains further information under the following headings:

1. Products and Product Parameters
2. Trading Phases for U.S. American Stock Options
3. Market Making
4. Data Vendor Codes
5. Transaction Limits and excess transaction fees, OTC Minimum Block Trade Size, Minimum Size for Cross- or Pre-arranged Trades, Mistrade Regulation
6. Transaction Fees
7. Simulation
8. Preparations for Start of Trading

Introduction of U.S. Stock Options on AOL Time Warner, Cisco Systems, Citigroup, EMC, General Electric, IBM, Intel, Microsoft, Oracle and Sun Microsystems

On 18 July, 2001, the Management Boards of Eurex Deutschland and Eurex Zürich made the decision to introduce stock options, including LEPOs, at Eurex on ten U.S. stock corporations: AOL Time Warner, Cisco Systems, Citigroup, EMC, General Electric, IBM, Intel, Microsoft, Oracle and Sun Microsystems. Maturities of up to 12 months will be introduced on 24 September, 2001. The decision is subject to approval by the Exchange Council of Eurex Deutschland and the Administrative Council of Eurex Zürich

The set-up of the new instruments will follow the normal pattern for stock options and LEPOs at Eurex (Attachments 1 and 2).

The introduction will take place on condition that at least three market makers have agreed to quote each of the stock options.

1. Products and Product Parameters

The planned introduction date for the options below is Monday, 24 September, 2001. Expirations of October 01, November 01, December 01, March 02, June 02, and September 02 will be introduced on that date.

Stock Option	Eurex Code	WKN	ISIN	Position limit	Market Maker Position limit	Margin-interval
AOL Time Warner	AOL	502251	US00184A1051	639,000	1,917,000	17%
Cisco Systems	CIS	878841	US17275R1023	1,097,900	3,293,700	18%
Citigroup	TRV	871904	US1729671016	754,300	2,262,900	10%
EMC	EMP	872526	US2686481027	331,100	993,300	24%
General Electric	GEC	851144	US3696041033	1,490,000	4,470,000	10%
IBM	IBM	851399	US4592001014	263,700	791,100	13%
Intel	INL	855681	US4581401001	1,008,750	3,026,250	18%
Microsoft	MSF	870747	US5949181045	807,400	2,422,200	13%
Oracle	ORC	871460	US68389X1054	842,100	2,526,300	19%
Sun Microsystems	SSY	871111	US8668101046	488,600	1,465,800	20%

2. Trading Phases

U.S. American Stock Options:

Pre-Trading	Trading	Post-Trading	Exercise Until
07:30 – 09:00 CET	09:00 – 20:00 CET	20:00 – 20:30 CET	20:30 CET

On the last trading day the Post-trading period ends at 21:00 CET and exercises are possible until 21:00 on that day.

3. Market Making

Market making will follow the normal market making scheme for options at Eurex, with quote obligations as defined in Attachment 3, and transaction fees defined in 6 below. If you are interested in fulfilling the market maker function for these stock options, please complete the attached form (Attachment 4) and return it by fax, before 10 August, 2001, for the attention of **Holger Stürtz, on Fax No. +49 69-2101-4461**.

4. Data Vendor Codes

The data vendor codes will be published on our web-site "www.eurexchange.com" under 'market place > products > vendor codes'.

5. Transaction Limits and Excess Transaction Fees, OTC Minimum Block Trade Size, Minimum Size for Cross- and Pre-arranged Trades, Mistrade Regulation

The same rules will apply as for existing German stock options.

6. Transaction Fees

Transaction fees per contract for trades in U.S. American stock options on the A and P accounts are EUR 0.30, and are EUR 0.06 on M accounts.

7. Simulation

The U.S. American stock options can be tested within the scope of the Eurex permanent simulation. They will be available in the simulation environment from 01 September, 2001.

8. Preparations for Start of Trading

- On 20 September, 2001 (Thursday) the U.S. American stock options as well as the associated Margin Classes will be set up in the Eurex system. Corresponding back-office transactions will be transmitted electronically.
- On 21 September, 2001 (Friday) after close of trading, settlement prices for all tradable contract months of the U.S. American stock options will be transmitted with a value of 0.10 points. In addition, transactions for the PMI file will be generated. On this day, the theoretical prices transmitted for these Neuer Market options during the end of day processing should be ignored.
- Trading in the U.S. American stock options AOL Time Warner, Cisco Systems, Citigroup, EMC, General Electric, IBM, Intel, Microsoft, Oracle and Sun Microsystems will start on Monday 24 September, 2001. Orders and quotes may be entered into the Eurex system from 07:30 CET onwards.

Frankfurt, 27 July, 2001



Contract Specifications for: Stock Options on US Shares (OSTK)

Contract Size

Generally, an options contract gives the buyer of a call the right to buy - or, in the case of a put, the right to sell - 100 shares of the underlying security.

Minimum Price Movement

Options prices have price gradations of EUR 0.01

Delivery

Physical delivery of 100 shares of the underlying security.

Delivery Day

Three exchange trading days after the exercise.

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday.

Daily Settlement Price

The last-paid price of the trading day; or, if the last-paid price is older than 15 minutes or does not reasonably reflect actual market conditions, then Eurex will establish the official settlement price.

Exercise Period

American style, i.e. an option can be exercised up to 20:30 CET on normal exchange trading days during the life of the option. Options can be exercised up to 21:00 CET on the last trading day.

Expiration Months

Options are available with terms up to and including:

Group B shares: the three nearest calendar months, as well as the following three months within the cycle March, June, September and December thereafter (i.e. up to a maximum of 12 months).

Exercise Prices

Options series may have the following exercise prices:

Exercise prices	Exercise price gradation
to EUR 5	EUR 0.20
EUR 5.5 to EUR 10	EUR 0.50
EUR 11 to EUR 20	EUR 1
EUR 22 to EUR 50	EUR 2
EUR 52.50 to EUR 100 ¹	EUR 2.50
EUR 55 to EUR 200	EUR 5
EUR 210 and above	EUR 20

For each expiration month, there are at least three call and three put series, each with an in-the-money, at-the-money and out-of-the-money strike price.

¹ Only for the first and second contract months, and only for at-the-money exercise prices



Optionable Stocks

Eurex stock options on US stocks are traded in the following groups according to their expiration months:

Group A 1, 2, 3, 6 and 9 months	Group B 1, 2, 3, 6, 9 and 12 months	Group C 1, 2, 3, 6, 9, 12, 18 and 24 months
None	AOL Time Warner (AOL) Cisco Systems (CIS) Citigroup (TRV) EMC (EMP) General Electric (GEC) IBM (IBM) Intel (INL) Microsoft (MSF) Oracle (ORC) Sun Microsystems (SSY)	None

Option Premium

Payable in full in the respective EUR value on the first exchange day after the buy date.

Trading Hours

09:00 until 20:00 CET.



Contract Specifications

Low Exercise Price Options (LEPOs) on US Shares

Underlying Shares with LEPO Contracts

AOL Time Warner (AOL)
Cisco Systems (CIS)
Citigroup (TRV)
EMC (EMP)
General Electric (GEC)
IBM (IBM)
Intel (INL)
Microsoft (MSF)
Oracle (ORC)
Sun Microsystems (SSY)

Contract Size

Each LEPO contract is based on 100 shares of the underlying security.

Minimum Price Movement

The minimum price change for options is EUR 0.01.

Delivery

Physical delivery of 100 shares of the underlying security.

Delivery Day

Three exchange trading days after the exercise.

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, the exchange trading day immediately prior to that Friday.

Daily Settlement Price

EUR 1.00 below the last traded price of the underlying security.

Exercise

American style, i.e. an option can be exercised up to the end of the Post-Trading Period (20:30 CET) on any exchange trading day during the lifetime of the option. Options can be exercised up to 21:00 CET on the last trading day.

Expiration Months

The two nearest months within the cycle March, June, September, December.

Exercise Price

All LEPO contracts have an exercise price of EUR 1.00.

Option Premium

Payable in full on the exchange trading day immediately following the trade date.

Trading Hours

9:00 a.m. until 8:00 p.m. CET.

Market Maker Quote Obligations And Quote Spread Classification of Equity Options

Equity Options Quote Obligations

Minimum Size: 20 contracts on the bid and ask side in all option series.

Maximum Spread:

Equity Options quoted in EUR

Class I		Class II		Class III	
<i>Bid up to</i>	<i>Spread</i>	<i>Bid up to</i>	<i>Spread</i>	<i>Bid up to</i>	<i>Spread</i>
0 - 2.00	0.40	0 - 5.00	1.00	0 - 10.00	2.00
2.01 - 15.00	20%	5.01 - 30.00	20%	10.01 - 50.00	20%
> 15.00	3.00	> 30.00	6.00	> 50.00	10.00

Equity Options quoted in CHF

Class I		Class II		Class III	
<i>Bid up to</i>	<i>Spread</i>	<i>Bid up to</i>	<i>Spread</i>	<i>Bid up to</i>	<i>Spread</i>
0 - 5.00	1.00	0 - 10.00	2.00	0 - 20.00	4.00
5.01-15.00	20%	10.01-30.00	20%	20.01 - 50.00	20%
>15.00	3.00	> 30.00	6.00	> 50.00	10.00

Class IV		Class V		Class VI	
<i>Bid up to</i>	<i>Spread</i>	<i>Bid up to</i>	<i>Spread</i>	<i>Bid up to</i>	<i>Spread</i>
0 - 20.00	4.00	0 - 30.0	6.00	0 - 50.0	10.00
20.01 - 250.0	20%	30.1 - 250.0	20%	50.1 - 500.0	20%
> 250.00	50.00	> 250.0	50.00	> 500.0	100.0

Response to quote requests: At least 50 % of all Quote Requests have to be answered (up to a max. of 150 quote requests per day):

- within 5 minutes
- with a minimum holding time of 10 seconds.

Market Maker Fees: See Price List.

Fast Market: In the Fast Market state, the maximum spreads will increase by 50% and the minimum quote size will be reduced by 50%.

Market Maker Quote Obligations And Quote Spread Classification of Equity Options

Quote Spread Classification – Options Quoted in Euro

German Stock Options

Class I		Class II		Class III	
Adidas	ADS	Epcos	EPC	Allianz	ALV
BASF	BAS	Marschollek + Partner	MLP3	Münchener Rückversicherung	MUV2
Bayer	BAY	Siemens	SIE	SAP	SAP
BMW	BMW				
Commerzbank	CBK				
Deutsche Bank	DBK				
DaimlerChrysler	DCX				
Degussa	DGX				
Deutsche Post World Net	DPW				
Dresdner Bank	DRB				
Deutsche Telekom	DTE				
E.ON	EOA				
Fresenius Medical Care	FME				
Henkel	HEN3				
Hypo- und Vereinsbank	HVM				
Infineon	IFX				
Karstadt	KAR				
Lufthansa	LHA				
Linde	LIN				
MAN	MAN				
Metro	MEO				
Preussag	PRS				
RWE	RWE				
Schering	SCH				
Thyssen-Krupp	TKA				
Volkswagen	VOW				

Neuer Markt Stock Options

Class I		Class II		Class III	
Broadvision	BDN	Aixtron	AIX		
EM.TV	ETV	Consors	CSO		
Intershop	ISH	Mobilcom	MOB		
Qiagen	QIA				
T-Online	TOI				

Market Maker Quote Obligations And Quote Spread Classification of Equity Options

Dutch Stock Options

Class I		Class II		Class III	
ABN Amro	AAR				
Aegon	AEN				
Ahold	AHO				
ING	INN				
KPN	KPN				
Philips	PHI1				
Royal Dutch	ROY				
Unilever	UNI				

Finnish Stock Options

Class I		Class II		Class III	
Elisa Communications	EIA				
Stora Enso	ENUR				
Nokia	NOA3				
UPM-Kymmene	RPL				
Sonera	SOY				
TietoEnator	TTEB				

French Stock Options

Class I		Class II		Class III	
Aventis	AVE	Total Fina	TOTB		
AXA-UAP	AXA				
BNP Paribas	BNP				
Carrefour	CAR				
France Telecom	FTE				
L'Oréal	LOR				
Orange	OAG				
Vivendi	VVU				

Italian Stock Options

Class I		Class II		Class III	
Generali	ASG				
ENI	ENT				
Telecom Italia	SET				

Market Maker Quote Obligations And Quote Spread Classification of Equity Options

U.S. American Options*

Class I		Class II		Class III	
AOL Time Warner	AOL	IBM	IBM		
Cisco Systems	CIS	Microsoft	MSF		
EMC	EMP				
General Electric	GEC				
Intel	INL				
Oracle	ORC				
Sun Microsystems	SSY				
Citigroup	TRV				

*As of 24 September, 2001

Quote Spread Classification – CHF Options

Class I		Class II		Class III	
ABB	ABB2	Adecco	ADEN	Kudelski	KUD
Clariant	CLN	Roche	ROG	Nestlé	NESN
Novartis	NOVN				
UBS Group	UBSN				

Class IV		Class V		Class VI	
Ciba Spezialitätenchemie	CIBN	Richemont	CFR	Julius Bär	BAER
Credit Suisse Group	CSGN	Rentenanstalt	RAN		
Givaudan	GIVN	Schweizer Rückversicherung	RUKN		
Holcim	HOL	Serono	SEO		
Lonza	LONN	Sulzer / Sulzer Medica basket	SULB		
Swisscom	SCMN				
Sair Group	SRN				
Syngenta	SYNN				
Swatch Group	UHRN				
Unaxis	UNAX				
Zürich Financial Services	ZURN				

Application for the Granting of Market Maker Licenses at Eurex



Eurex

Product Development

60485 Frankfurt

(Fax: ++49 69 2101-4461)

Applicant

Name of applying exchange participant

Address

Name of contact

Phone No.

Fax No.

Application for the Granting of Market Maker Licenses pursuant to Subsection 3.3 of the Eurex Exchange Rules

I. We herewith apply for admission as Market Maker pursuant to Subsection 3.3 of the Eurex Exchange Rules.

Provided that the applying company is admitted as exchange participant at Eurex Zürich, this application applies to Eurex Zürich as well.

The granting of a Market Maker License is applied for regarding the trading in Option contracts on equities with the following underlying(s):

<input type="checkbox"/> AAR (ABN Amro)	<input type="checkbox"/> BMW (BMW)	<input type="checkbox"/> EIA (Elisa Communications)	<input type="checkbox"/> INL (Intel)
<input type="checkbox"/> ABB2 (ABB)	<input type="checkbox"/> BNP (BNP Paribas)	<input type="checkbox"/> EMP (EMC)	<input type="checkbox"/> INN (ING)
<input type="checkbox"/> ADEN (Adecco)	<input type="checkbox"/> CAR (Carrefour)	<input type="checkbox"/> ENT (ENI)	<input type="checkbox"/> ISH (Intershop Comm.)
<input type="checkbox"/> ADS (Adidas)	<input type="checkbox"/> CBK (Commerzbank)	<input type="checkbox"/> ENUR (StoraEnso R)	<input type="checkbox"/> KAR (Karstadt)
<input type="checkbox"/> AEN (Aegon)	<input type="checkbox"/> CFR (Richemont)	<input type="checkbox"/> EOA (E.ON)	<input type="checkbox"/> KPN (KPN)
<input type="checkbox"/> AHO (Ahold)	<input type="checkbox"/> CIBN (Ciba Spezialitäten)	<input type="checkbox"/> EPC (Epcos)	<input type="checkbox"/> KUD (Kudelski)
<input type="checkbox"/> AIX (Aixtron)	<input type="checkbox"/> CIS (Cisco Systems)	<input type="checkbox"/> ETV (EM. TV & Merchand.)	<input type="checkbox"/> LHA (Lufthansa)
<input type="checkbox"/> ALV (Allianz)	<input type="checkbox"/> CLN (Clariant)	<input type="checkbox"/> FME (Fresenius Med.Care)	<input type="checkbox"/> LIN (Linde)
<input type="checkbox"/> AOL (AOL Time Warner)	<input type="checkbox"/> CSGN (Credit Suisse Gr.)	<input type="checkbox"/> FTE (France Telecom)	<input type="checkbox"/> LONN (Lonza)
<input type="checkbox"/> ASG (Generali)	<input type="checkbox"/> CSO (Consors)	<input type="checkbox"/> GEC (General Electric)	<input type="checkbox"/> LOR (L'Oréal)
<input type="checkbox"/> AVE (Aventis)	<input type="checkbox"/> DBK (Deutsche Bank)	<input type="checkbox"/> GIVN (Givaudan)	<input type="checkbox"/> MAN (MAN)
<input type="checkbox"/> AXA (AXA-UAP)	<input type="checkbox"/> DCX (Daimler Chrysler)	<input type="checkbox"/> HEN3 (Henkel VZ)	<input type="checkbox"/> MEO (Metro)
<input type="checkbox"/> BAER (Julius Bär)	<input type="checkbox"/> DGX (Degussa AG)	<input type="checkbox"/> HOL (Holcim AG)	<input type="checkbox"/> MLP3 (MLP Vz.)
<input type="checkbox"/> BAS (BASF)	<input type="checkbox"/> DPW (Deutsche Post)	<input type="checkbox"/> HVM (Bayer.Hypo-.Vereinsb.)	<input type="checkbox"/> MOB (MobilCom)
<input type="checkbox"/> BAY (Bayer)	<input type="checkbox"/> DRB (Dresdner Bank)	<input type="checkbox"/> IBM (IBM)	<input type="checkbox"/> MSF (Microsoft)
<input type="checkbox"/> BDN (Broadvision)	<input type="checkbox"/> DTE (Deutsche Telekom)	<input type="checkbox"/> IFX (Infineon Technologies)	<input type="checkbox"/> MUV2 (Münchener Rück.)

Application for the Granting of Market Maker Licenses at Eurex



<input type="checkbox"/> NESN (Nestlé)	<input type="checkbox"/> ROY (Royal Dutch)	<input type="checkbox"/> SOY (Sonera Corporation)	<input type="checkbox"/> UBSN (UBS)
<input type="checkbox"/> NOA3 (Nokia Corporation A)	<input type="checkbox"/> RPL (UPM-Kymmene Corp)	<input type="checkbox"/> SRN (Sair Group)	<input type="checkbox"/> UHRN (The Swatch Group)
<input type="checkbox"/> NOVN (Novartis)	<input type="checkbox"/> RUKN (Schweiz. Rückv.)	<input type="checkbox"/> SSY (Sun Microsystems)	<input type="checkbox"/> UNAX (Unaxis)
<input type="checkbox"/> OAG (Orange S.A.)	<input type="checkbox"/> RWE (RWE)	<input type="checkbox"/> SULB (Sulzer /Sulzer Medica Basket)	<input type="checkbox"/> UNI (Unilever)
<input type="checkbox"/> ORC (Oracle)	<input type="checkbox"/> SAP (SAP)	<input type="checkbox"/> SYNN (Syngenta)	<input type="checkbox"/> VOW (Volkswagen)
<input type="checkbox"/> PHI1 (Philips St.)	<input type="checkbox"/> SCH (Schering)	<input type="checkbox"/> TKA (Thyssen Krupp)	<input type="checkbox"/> VVU (Vivendi)
<input type="checkbox"/> PRS (Preussag)	<input type="checkbox"/> SCMN (Swisscom)	<input type="checkbox"/> TOI (T-Online)	<input type="checkbox"/> ZURN (Zurich Allied)
<input type="checkbox"/> QIA (Qiagen)	<input type="checkbox"/> SEO (Serono)	<input type="checkbox"/> TOTB (Total Fina)	
<input type="checkbox"/> RAN (Rentenanstalt)	<input type="checkbox"/> SET (Tele. Italia)	<input type="checkbox"/> TRV (Citigroup)	
<input type="checkbox"/> ROG (Roche Holding)	<input type="checkbox"/> SIE (Siemens)	<input type="checkbox"/> TTEB (TietoEnator Corp.)	

<input type="checkbox"/> ODAX Option contracts on the German Stock Index (DAX®)	<input type="checkbox"/> OGBM Option contracts on Euro-BOBL Futures
<input type="checkbox"/> OFOX Option contracts on the Finnish Stock Index (FOX®)	<input type="checkbox"/> OGBS Option contracts on Euro-Schatz Futures
<input type="checkbox"/> ON50 Option contracts on Nemax® 50	<input type="checkbox"/> OSTX Option contracts on the Dow Jones STOXX® 50
<input type="checkbox"/> OEU3 Option contracts on the Three-Month Euribor Future	<input type="checkbox"/> OESX Option contracts on the Dow Jones Euro STOXX® 50
<input type="checkbox"/> OSMI Option contracts on the Swiss Market Index (SMI®)	<input type="checkbox"/> OGTI Option contracts on the Dow Jones Global Titans™ 50
<input type="checkbox"/> OGBL Option contracts on Euro-BUND Futures	

II. The functions associated with such Market Maker Licenses will be carried out by the following persons who have already been admitted for trading at Eurex:

Name, first name	Product to be covered
Name, first name	Product to be covered
Name, first name	Product to be covered

We herewith declare that the persons listed above have the necessary professional and personal qualification to fulfil the Market Maker functions pursuant to Subsection 3.3 of the Eurex Exchange Rules.

III. We confirm that we know the Eurex Rules and Regulations and declare that we will comply with these provisions in their relevant current version.

Place and Date	Company Stamp and authorized Signature
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