X-pand into the Future

e u r e x *circular 080/00*

Date: Frankfurt, 02 October 2000
Recipients: All Eurex members and vendors
Authorised by: Jörg Franke

⚠ **Action Required** ⚠ **High Priority**

Introduction of Options on the Dutch Dow Jones Euro STOXX® 50 Stocks Ahold and KPN

Related Eurex Circulars: 009/00, 013/00

Contact: Kai Distelmann (Product Development): Tel. +49 (0)69-2101-5797
E-Mail: Kai_Distelmann@exchange.de

Content may be most important for:

- Front Office / Trading
- Middle + Back Office
- IT / System Administration
- Auditing / Security Administration

Attachments:

1. Contract Specifications - Dutch Stock Options
2. Market Maker Obligations - Dutch Stock Options
3. Market Maker Application
4. Fax-Reply

Summary:

On 23 October, 2000 Eurex will introduce stock options on two further Dutch stocks of the Dow Jones Euro STOXX® 50, Ahold and KPN. The arrangements for the new stock options will follow the normal concept for Dutch stock options.

The circular contains further information under the following headings:

1. Products and Product Parameters
2. Trading Phases (CET)
3. Market Making
4. Data Vendor Codes
5. Underlying Price Data
6. Transaction limits, OTC Minimum Block Trade Size, Minimum Size for Cross- and Pre-arranged Trades, Trading Calendar and Transaction Fees
7. Preparation for Start of Trading

Important Note: If you have not yet signed and returned the Fax related to recognition of the Eurex procedure concerning underlying price data for Dutch and Italian stock options, please use the attached Fax-reply (Attachment 4) and return it to Eurex.

Introduction of Options on Dutch Dow Jones Euro STOXX® 50 Stocks Ahold and KPN

On 27 September, 2000 the Management Boards of Eurex Deutschland and Eurex Zürich made the decision to introduce to trading on Eurex, stock options and LEPOs on the Dow Jones Euro STOXX® securities Ahold and KPN. The arrangements for the new stock options will follow the normal concept for Dutch stock options (see Attachment 1)

The introduction will take effect on October 23, 2000 provided that at least three market makers have agreed to the quote obligations for each of the options (see Attachment 2). Eurex members will then have the possibility to trade options on all of the Dutch component stocks of the Dow Jones Euro STOXX® 50.

1. Product and Product Parameters

Stock Option	Eurex Code	WKN	ISIN	Position limits	Market Maker Position limits	Margin Interval
Ahold	AHO	851287	NL0000331817	113,900	341,700	10%
KPN	KPN	890963	NL0000009082	108,100	324,300	14%

2. Trading Phases

Pre-Trading	Trading	Post-Trading	Exercise until
07.30 – 09.30 CET	09.30 – 17.00 CET	17.00 – 18.30 CET	18.30 CET

3. Market Making

Market making will follow the normal market making scheme for options at Eurex with the quote obligations as defined in Attachment 2. If you are interested in fulfilling the market maker function for these stock options, please complete and return the Market Maker Application form (Attachment 3) before 11 October, 2000 for the attention of **Ms Kilian, on Fax. +49 (0)69-2101-3802**.

4. Data Vendor Codes

The data vendor codes will be published before the start of trading on our web-site ‘eurexchange.com’ under the path ‘ Entrance Hall / Products / Vendor Codes’.

5 Underlying Price Data

As with the current situation for Dutch and Italian stock options, contrary to the normal practice on Eurex, the price data is not taken from the home exchange, but is taken from the Xetra system. The price data is therefore not suitable for pricing the options.

For trading in Dutch and Italian stock options it is mandatory that the fax reply is signed and returned. If you have not already signed the form (Attachment 4) in connection with the earlier introduction of Dutch and Italian stock options (see Circulars 009/00 and 013/00), please do so as soon as possible and return it to **David Parr - Eurex Functional Member Readiness, Fax. +49 (0)69-2101-1701.**

6. Transaction limits, OTC Minimum Block Trade Size, Minimum Size for Cross- and Pre-arranged Trades, Trading Calendar and Transaction Fees

The same values which currently relate to the existing Dutch stock options will also apply to Ahold and KPN.

Eurex Deutschland
Börsenplatz 7 - 11
D-60313 Frankfurt am Main
www.eurexchange.com

Eurex Member Readiness
Tel. +49 (0)69-2101-1700
Fax +49 (0)69-2101-1701

Management Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

7. Preparation for Start of Trading

- On 19 October, 2000 (Thursday) the Ahold and KPN stock options and margin classes will be set up in the Eurex system. Corresponding back office messages will be transmitted.
- After close of trading on 20 October, 2000 (Friday) settlement prices for all contract months of the new options will be transmitted. In addition, transactions for the PMI file will be generated. The theoretical prices for the new options which are transferred within the scope of the overnight batch procedures should be ignored.
- On Monday 23 October, 2000, trading in the new stock options will begin. Orders and quotes can be entered into the Eurex system from 07.30 CET.

Frankfurt 29 September, 2000

Eurex Deutschland
Börsenplatz 7 - 11
D-60313 Frankfurt am Main
www.eurexchange.com

Eurex Member Readiness
Tel. +49 (0)69-2101-1700
Fax +49 (0)69-2101-1701

Management Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

Contract Specifications

Stock Options on
Dutch 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 (T+3).

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 6:30 p.m. CET on any exchange trading day during the life of the option.

Expiration Months

The three nearest calendar months, as well as the following three months within the cycle January, April, July and October thereafter, and the following two October expiration months (i.e. up to a maximum lifetime of three years).

Exercise Prices

Options series may have the following exercise prices:

Exercise price in EUR	Exercise price gradation in EUR **
0 - 5	0.20
5.50 - 10	0.50
11 – 20	1.00
22 – 50	2.00
52.50 – 100*	2.50
55 – 200	5.00
>200	20.00

* only for the first and second expiration date in the at-the-money area

** for options within the annual October expiration cycle, the exercise price gradations are doubled

Optionable Stocks

The following equity options on Dutch stocks are tradable at Eurex:

ABN Amro	AAR
Aegon	AEN
Ahold	AHO
ING	INN
KPN	KPN
Phillips	PHI
Royal Dutch	ROY
Unilever	UNI

Trading hours

9:30 a.m. until 5:00 p.m. CET.

Option Premium

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

Market Making Scheme Dutch Equity Options

Quote Obligations

Minimum Size: 50 contracts on the bid and ask side in all option series.[1]

Maximum Spread:

Bid up to	***Spread***
1.33	0.20 EUR
6.66	15 %
999.80	1.00 EUR

Options with a maturity above 2 years 2.50 EUR

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: Please refer to the current Price List in the Rules and Regulations

[1] In the “Fast Market“ product state there is a reduced minimum size of 25 contracts.

Application for the Granting of Market Maker Licences
at Eurex

Eurex

Membership

60284 Frankfurt

(Fax: ++49 69 2101-3802)

Applicant

Name of applying exchange participant

Address

Name of contact

Phone No. Fax No.

Application for the Granting of Market Maker Licences 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 an exchange participant at Eurex Zürich, this application applies to Eurex Zürich as well.

The granting of a Market Maker Licence is applied for regarding the trading in Option contracts

on equities with the following underlying(s):

☐ AAR (ABN Amro)	☐ CLN (Clariant)	☐ FME (Fresenius Med.Care)	☐ LIN (Linde)
☐ ABBN (ABB)	☐ CSGN (Credit Suisse Gr.)	☐ FOT (Fortum Corporation)	☐ LONN (Lonza)
☐ ADEN (Adecco)	☐ CSO (Consors)	☐ GIVN (Givaudan)	☐ MAN (MAN)
☐ ADS (Adidas)	☐ DBK (Deutsche Bank)	☐ HEN3 (Henkel VZ)	☐ MEO (Metro)
☐ AEN (Aegon)	☐ DCX (Daimler Chrysler)	☐ HOEC (Hoechst)	☐ MMN (Mannesmann)
☐ AHO (Ahold)	☐ DHA (Degussa Hüls)	☐ HOL (Holderbank)	☐ MOB (Mobilcom AG)
☐ ALUB (Algroup)	☐ DRB (Dresdner Bank)	☐ HUKI (Huhtamäki I)	☐ MSRB (Metsä-Serla Corp. B)
☐ ALV (Allianz)	☐ DTE (Deutsche Telekom)	☐ HVM (Bayer. Hypo-. Vereinsb.)	☐ MUV2 (Münchner Rück.)
☐ ASG (Generali)	☐ EIA (Elisa Communications)	☐ INN (ING)	☐ NESN (Nestlé)
☐ BAS (BASF)	☐ ENT (ENI)	☐ IFX (Infineon Technologies AG)	☐ NOA3 (Nokia Corporation A)
☐ BAY (Bayer)	☐ ENUR (StoraEnso R)	☐ ISH (Intershop Comm. AG)	☐ NOVN (Novartis)
☐ BMW (BMW)	☐ EOA (E.ON)	☐ KAR (Karstadt)	☐ PHI1 (Philips St.)
☐ CBK (Commerzbank)	☐ EPC (Epcos AG)	☐ KPN (KPN)	☐ PRS (Preussag)
☐ CIBN (Ciba Spezialitäten)	☐ ETV (EM. TV & Merchand.)	☐ LHA (Lufthansa	☐ RAN (Rentenanstalt)

☐ ROG (Roche Holding)	☐ SCH (Schering)	☐ SRN (Sair Group)	☐ UHRN (The Swatch Group)
☐ ROY (Royal Dutch)	☐ SCMN (Swisscom)	☐ SUN (Sulzer)	☐ UNI (Unilever)
☐ RPL (UPM-Kymmene Corp.)	☐ SET (Tele. Italia)	☐ TKA (Thyssen Krupp)	☐ VIA (E.ON)
☐ RUKN (Schweiz. Rückv.)	☐ SIE (Siemens)	☐ TOI (T-Online)	☐ VLM (Metso Corporation)
☐ RWE (RWE)	☐ SMPA (Sampo Insurance)	☐ TTEB (TietoEnator Corp.)	☐ VOW (Volkswagen)
☐ SAP3 (SAP VZ.)	☐ SOY (Sonera Corporation)	☐ UBSN (UBS AG)	☐ ZUAN (Zurich Allied)

☐ ODAX
Option contracts on the German Stock Index (DAX®)

☐ OFOX
Option contracts on the Finnish Stock Index (FOX®)

☐ ON50
Option contracts on Nemax® 50

☐ OEU3
Option contracts on the Three-Month Euribor Future

☐ OSMI
Option contracts on the Swiss Market Index (SMI®)

☐ OGBL
Option contracts on Euro-BUND Futures

☐ OGBM
Option contracts on Euro-BOBL Futures

☐ OGBS
Option contracts on Euro-Schatz Futures

☐ OSTX
Option contracts on the Dow Jones STOXX 50

☐ OESX
Option contracts on the Dow Jones Euro STOXX 50

II. The functions associated with such Market Maker Licences 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

X-pand into the Future

Attachment 4 to Eurex Circular 080/00

Before trading Eurex options on Dutch, Italian, and French equities it is prerequisite for you to sign and return this form.
Please send it back to Eurex to Mr. David Parr, Member Readiness Fax: +49 (0)69 2101 1701.

Underlying Price Data Feed for Dutch, Italian, and French Equity Options on Eurex

We confirm that we have taken notice and that we acknowledge by signing this form that Eurex will not publish the underlying prices from the respective home exchange for the Dutch, Italian and French equity options in the Eurex system (e.g. in the 'underlying' zone of the C100 Screen). The price source for publication of underlying prices for these equity options is the FWB (Frankfurt Stock Exchange).

We are aware that these prices are only relevant for the price validation for block trades and understand that all Eurex option price calculations such as settlement prices or mis-trade reference prices will be based on the prices of the respective home exchange.

We are conscious of the fact that this procedure is different from the procedure for the existing German, Swiss, and Finnish equity options on Eurex.

We accept and acknowledge by signing and returning this form that being aware of the above-acknowledged facts is an absolute prerequisite for trading the above-mentioned equity options.

Date: _____

Company: _____

Member ID. ___ ___ ___ ___ ___

Name and Signature: _____

Eurex Deutschland
Börsenplatz 7-11
D-60313 Frankfurt/Main
www.eurexchange.com

Mailing Address:
D-60284 Frankfurt/Main
T +49 (0)69-2101- 5797
F +49 (0)69-2101- 4461

Board of Management:
Dr. Jörg Franke, Otto E. Nägeli,
Andreas Preuss, Jürg Spillmann