X-pand into the Future

# e u r e x *circular 067/02*

**Date:** Frankfurt, 8 August, 2002
**Recipients:** All Eurex members and vendors
**Authorized by:** Peter Reitz

**Action Required**

## Designated Market Making in the CONF Future

**Contact:** Nadja Urban: Tel. +49 (0)69-21 01-51 05, e-mail Nadja.Urban@eurexchange.com

**Content may be most important for:**

➲ Front Office / Trading

**Attachments:**

1. Application - Designated Market Making Scheme
2. Designated Market Making Scheme - Quote Obligations

At their meeting on Wednesday, 31 July, 2002 the Management Boards of the Eurex Exchanges made the decision to introduce Designated Market Making in the CONF future.

At a special working committee meeting on the CONF Future in April, 2002 in Zürich, Eurex, together with a number of participants, in particular the Swiss banks, agreed on a joint initiative to strengthen the liquidity in the Futures contract on a notional long term bond of the Swiss Confederation (the CONF Future). This initiative includes a joint action in the form of Designated Market Making which will begin on 16 September, 2002.

Eurex is offering the opportunity for all interested participants to become Designated Market Makers in the CONF Future. As a Designated Market Maker, a member undertakes to provide continuous bid and ask prices (quotes) for a minimum number of contracts for a specified period of time. In return, in close cooperation with the Designated Market Makers, Eurex will actively market the improved liquidity situation in the CONF Future to all Eurex members and their institutional clients.

Full details of the quote obligations can be found in Attachment 2.

If you are interested in fulfilling the role of Designated Market Maker in the CONF Future, please complete the application (Attachment 1) and return it before 15 August, 2002 for the attention of Nadja Urban on Fax number +49 (0)69-21 01-44 61.

# Application Form - Designated Market Making Scheme

**To Eurex Frankfurt AG**
**Eurex Product Development**
Nadja Urban
Neue Börsenstraße 1

60487 Frankfurt am Main

**Fax no.: +49-69-2101-4461**

**Application for the Status of Designated Market Maker in the CONF Future**

1. We _____
(name of member)

herewith apply to Eurex Frankfurt AG (hereinafter 'Eurex') for the status of Designated Market Maker in the CONF Future contract for the period from 16th September 2002 until 31st March 2003 in accordance with the terms and conditions stated below.

2. As a Designated Market Maker

a) we will provide bid and ask quotes on both sides of the market

- for the minimum number of contracts specified in the quote obligations (see Attachment 2)
- in compliance with the Maximum Spreads (see quote obligations); and
- for the period of time specified in the quote obligation (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract)

b) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this agreement;

c) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market Making; and

d) we will inform Eurex within one business day in the event that we find ourselves no longer in a position to fulfill these obligations.

3. Eurex will in return

a) mention the name of the Eurex member with the Designated Market Maker status in advertising and informative material in connection with the contracts;

b) jointly develop and provide printed material and, where possible and appropriate, make Eurex spokesmen available for seminars organized by the Designated Market Makers regarding the CONF Future; and

c) promote Designated Market Makers and the CONF Future at appropriate events organized by Eurex

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex.

   In the event that the obligations stated under No. 2 are not met by us, Eurex shall have the right to terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex's discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract or due to a revision of the law or rules with respect to the contract, we, as well as Eurex, have the right to terminate this agreement with immediate effect or to renegotiate the requirements indicated in paragraph 2 and/or in the associated Quote Obligations.

6. Eurex shall have the right to amend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers can also be promptly advised that this situation has ceased to exist.

7. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which expires on 31st March 2003. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The associated Quote Obligations (Attachment 2) are an integral part of this application.

**SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)**

_____
Place, date

_____ _____
Name Position

_____ _____
Phone Fax

_____ _____
(Signature / Stamp of the firm) E-mail address

Please send the completed application for the status of Designated Market Maker to the indicated fax number no later than 15th August 2002.

## Designated Market Making Scheme for:

## CONF Future

### Quote Obligations:

| | |
|---|---|
| **Minimum Size:** | 50 contracts on the bid and ask side, only in the series with the nearest expiration (Front Month) |
| **Maximum Spread:** | 20 ticks |
| **Quotation Period:** | 80 percent of the total daily trading period on a monthly average |