X-pand into the Future

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Recipients: All Eurex members and vendors
Authorised by: Dr Jörg Franke

Admission of Dow Jones Euro STOXX 50 Options to the Block Trade Facility

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Administration	1. Conditions for Utilisation of the Block Trade Facility (General Conditions for Participation) 2. Implementation Regulations for Utilisation of the Block Trade Facility 3. Acceptance of the General Conditions for Participation and Implementation Regulations 4. Declaration - Acceptance by the General Clearer

On 05 July, 2000 the Management Board of Eurex Clearing AG made the decision to admit options on the Dow Jones Euro STOXX^{SM} 50 to the Block Trade Facility, with effect from 24 July, 2000.

The minimum number of contracts for which the Block Trade Facility may be used for options on the Dow Jones Euro STOXX^{SM} 50 has been set at 2,000 contracts.

Members who have already agreed to the Block Trade Facility conditions need take no further action.

By means of Attachment 3, Eurex Members who wish to make use of the Block Trade Facility must give their agreement in writing to Attachment 1, “Conditions for Utilisation of the Block Trade Facility (General Conditions for Participation)”, and the “Implementation Regulations for Utilisation of the Block Trade Facility” (Attachment 2). In cases where the Eurex Member is a Non-Clearing Member, the written agreement of their Clearing Member (GCM, or DCM) to their participation in the Block Trade Facility must also be provided to Eurex Clearing AG on Attachment 4.

Any user of the Block Trade Facility, or their Clearer, can terminate their acceptance of the General Participation Conditions and the Implementation Regulations with immediate effect by writing to Eurex Clearing AG, and can thereby terminate their use of the Block Trade Facility immediately.

Conditions for Utilisation of the Block Trade Facility (General Conditions for Participation)

1 Scope

Eurex Clearing AG provides a “Block Trade Facility”, pursuant to the conditions as set out below, to such companies admitted to trading on the Eurex Exchanges pursuant to the provisions of the Eurex Exchange Rules for the Eurex Exchanges and participating, directly or indirectly, in the clearing system for transactions on the Eurex Exchanges (“Participants”). Furthermore, in addition to these Conditions for Participation, the Implementation Regulations as determined by Eurex Clearing AG shall apply.

2 Subject Matter of Regulation

The Block Trade Facility provides Participants with the possibility to enter transactions in option contracts admitted to the Block Trade Facility pursuant to Section 8, which have been concluded off-exchange, into the clearing system of Eurex Clearing AG and to have them cleared, pursuant to the provisions as set out below. Eurex Clearing AG shall have the power to include additional contracts in the Block Trade Facility, as well as to exclude previously included contracts in the future.

3 Clearing of Block Trades

3.1 A "Block Trade" within the meaning of these Conditions shall have occurred if Participants, or their customers, have agreed, off-exchange, on the purchase/sale of one or more of the products set out in Section 8, provided that the number of contracts is not less than the minimum number specified in Section 8, and provided further that the specifications of such contracts correspond to the Contract Specifications for these products pursuant to the Eurex Trading Conditions. Furthermore, the contract price of Block Trades must fulfil the requirements as set out in Section 4 of these Conditions.

3.2 Participants who have agreed, or whose customers have agreed, on a Block Trade may utilise the Block Trade Facility of Eurex Clearing AG for the processing, collateralisation and settlement (“Clearing”) of the options contracts contained in such Block Trade, provided that the prerequisites of these General Conditions for Participation as well as the relevant valid Implementation Regulations have been complied with.

3.3 With the entry of a Block Trade into the clearing system of Eurex Clearing AG using the Block Trade Facility, the provisions regarding the conclusion of transactions pursuant to the Eurex Clearing Conditions shall apply with regard to the contractual relationships between Eurex Clearing AG and the Participants in a Block Trade or their clearing institutions, respectively. Therefore, in the case of each Block Trade,

Eurex Clearing AG shall be the contractual counterparty of the relevant Participants or their clearing institutions, respectively.

3.4 Besides, the Eurex Clearing Conditions shall apply accordingly for the clearing of any options contracts entered using the Block Trade Facility.

3.5 If Block Trades do not correspond to the specifications and requirements as determined in these Conditions or in the Implementation Regulations, or if Participants do not comply with the other Conditions for Participation or the requirements pursuant to the Implementation Regulations, Eurex Clearing AG will not clear such Block Trades.

4 Contract Price of Block Trades

4.1 The contract price of Block Trades entered into the clearing system of Eurex Clearing AG, using the Block Trade Facility, must be within an interval determined by Eurex Clearing AG as set out below:

4.2 On the basis of the daily highs and lows of the respective underlying instrument, as recorded up to the time of entry of a Block Trade, as well as of the respective implied volatilities established within the options market of Eurex, theoretical maximum and minimum values for the option price of such Block Trade during the trading day are determined. The interval thus determined is extended by 50 per cent of the maximum Market Maker Quote Spread permissible for the respective product at its extreme values, resulting in the range of permissible option prices for Block Trades.

5 General Conditions of Utilisation

5.1 The utilisation of the Block Trade Facility requires that Participants have accepted, in writing, the General Conditions for Participation as well as the Implementation Regulations. In the case of Participants not admitted to clearing pursuant to the Eurex Clearing Conditions, such Participants must provide a declaration of their clearing institution by which such clearing institution guarantees to Eurex Clearing AG the fulfilment of Block Trades, pursuant to the Eurex Clearing Conditions, and to undertake any and all obligations for the collateralisation of transactions resulting therefrom.

5.2 Eurex Clearing AG may exclude Participants from the utilisation of the Block Trade Facility if such Participants have not complied with their obligations pursuant to these Conditions for Participation or to the Implementation Regulations, or if the prerequisites for participation have not been fulfilled initially, or have subsequently ceased to exist. In this case, such Participants shall have no claims towards the refund of costs, charges or any other damages.

6 Liability

6.1 Eurex Clearing AG shall not be liable for any damages incurred as a result of failure of the clearing system caused by force majeure, riots, acts of war or Acts of God, or for other events outside its influence (e.g. industrial action, lockouts, traffic interruptions, restraints of princes and rulers domestic and abroad).

6.2 Eurex Clearing AG shall only be liable for damages incurred by Participants in connection with the utilisation of the Block Trade Facility if it is proven that its bodies or vicarious agents have neglected, wilfully or by gross fault, their duties, unless such damage is a result of the breach of important duties by Eurex Clearing AG. In this case, however, the liability of Eurex Clearing AG upon slight fault shall be limited to the damages, the occurrence of which could typically be foreseen upon acknowledgement of the Conditions for Participation or the Implementation Regulations, respectively.

7 General Provisions

7.1 The Block Trades entered by Participants into the clearing system of Eurex Clearing AG, using the Block Trade Facility, are not made anonymous for the counterparties involved. Participants are not able to view Block Trades to which they are not a counterparty.

7.2 After the entry of Block Trades, Participants in the Block Trade Facility receive a "Printed Trade Confirmation", produced by the clearing system of Eurex Clearing AG. Block Trades are expressly shown as "OTC-TRADE" on such "Printed Trade Confirmation", since Block Trades are off-exchange transactions.

7.3 Block Trades are shown in the reports CB010 (Position Detail) and TC810 (Daily Trade Confirmation), produced by the clearing system of Eurex Clearing AG on a daily basis, and are marked as off-exchange transactions. In addition, a report recording all OTC transactions (TC545 OTC-Order Maintenance) is provided electronically.

7.4 Eurex Clearing AG will report all cleared Block Trades, marked as off-exchange transactions, to the Federal Securities Supervisory Authority (*Bundesaufsichtsamt für den Wertpapierhandel - "BAWe"*) on a daily basis, pursuant to Section 9 of the Securities Trading Act (*Wertpapierhandelsgesetz - "WpHG"*). Furthermore, each Participant will report its transactions cleared using the Block Trade Facility to the *BAWe* separately, marked accordingly, on a daily basis.

8. Admitted Products

Eurex Clearing AG has admitted the following products to the Block Trade Facility as of 24.07.2000:

Product	**Minimum number of contracts to trade**
Options Contracts on the DAX® (ODAX)	500
Options Contracts on the SMI® (OSMI)	500
Options Contracts on the FOX® (OFOX)	250
Options Contracts on the Dow Jones Nordic STOXX^{SM} 30 (ONOR)	250
Options Contracts on the Dow Jones Euro STOXX^{SM} 50 (OESX)	2000
Options Contracts on a Euro BUND Futures (OGBL)	250
Options Contracts on a Euro BOBL Futures (OGBM)	250
Options Contracts on a Euro SCHATZ Futures (OGBS)	250
Options Contracts on Stocks of German Stock Corporations (OSTK)*	250
* except: ALV, MUV2, SAP3	50
Options Contracts on Stocks of Swiss Stock Corporations (OSTK)	250
Options Contracts on Stocks of Finnish Stock Corporations (OSTK)	250
Options Contracts on Stocks of Dutch Stock Corporations (OSTK)	250
Options Contracts on Stocks of Italian Stock Corporations (OSTK)	250

Eurex Clearing AG

Implementation Regulations Regarding the Conditions for Utilisation of the Block Trade Facility

For the utilisation of the Block Trade Facility provided by Eurex Clearing AG, the following Implementation Regulations shall apply besides the Conditions for the Utilisation of the Block Trade Facility (General Conditions for Participation):

1 General Conditions

1.1 The entry of a Block Trade into the clearing system of Eurex Clearing AG is carried out by the buyer of the Block Trade. The seller of such Block Trade must confirm the buyer's entries.

1.2 The entry of Block Trades is permissible on proprietary, agent and market maker position accounts.

1.3 The utilisation of the Block Trade Facility will be provided to Participants during the applicable trading hours of Eurex for Option contracts admitted to the Block Trade Facility.

2 Mandatory Data Entries to the Block Trade Facility (Eurex screen C075 / Block Trade Entry Window)

2.1 When entering a Block Trade into the clearing system of Eurex Clearing AG, using the Block Trade Facility, the buyer must enter the following data:

- the Action Code "A";
- the option series traded;
- the contract price;
- the number of contracts;
- his/her trader ID code;
- the open/close indicator;
- the position account; and
- the seller's Participant ID code.

2.2 After the buyer's data entry using the Block Trade Facility, pursuant to Section 2.1 above, the seller of a Block Trade must enter the following data in order to confirm such Block Trade:

- the Action Code "R";
- the OTC transaction reference number;
- his/her trader ID code;
- the open/close indicator; and
- the position account.

3 Participants' Other Duties

Participants must be accessible, by phone or fax, during the operating hours of the Block Trade Facility.

Acceptance of the "General Conditions for Participation" for the Utilisation of the Block Trade Facility



Eurex
Market Supervision

D-60284 Frankfurt am Main

Fax: +49 (0)69-2101-4334

Member's Details

Name of Member

Member ID

Address

Name of contact

Phone No. Fax No.

Participation in the Block Trade Facility

We herewith accept the Conditions for the Utilisation of the Block Trade Facility (General Conditions for Participation) as well as the corresponding Implementation Regulations in their current version, as amended from time to time.

We will participate in the regular operation of the Block Trade Facility, and ask you to grant access to the Block Trade Entry Screen for our institution.

Date Company Stamp and Signature

Eurex Block Trade Facility
Declaration – Acceptance by the General Clearer



Member's Details

Name of the General Clearer

Member ID

Address

Eurex

Market Supervision

60284 Frankfurt am Main

Fax: +49 (0)69-2101-4334

Name of contact

Phone No. Fax No.

Participation of our NCM in the Block Trade Facility of Eurex Clearing AG

Name of the NCM

has informed us that they wish to participate in the Block Trade Facility of Eurex Clearing AG.

We, therefore, declare in our function as General Clearer and pursuant to No. 5.1 of the Conditions for the Utilisation of the Block Trade Facility (General Conditions for Participation) to guarantee to Eurex Clearing AG the fulfilment of obligations resulting from Block Trade transactions of the aforementioned NCM pursuant to the Eurex Clearing Conditions at Eurex Deutschland and to honour any and all obligations for the settlement and collateralization of transactions resulting therefrom.

Date

Company stamp and authorised Signature