

eurex circular 61/98

To: All Eurex members and vendors

Date: Frankfurt, 15th October 1998

Introduction of Options on Euro-Capital Market Futures at Eurex

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Dear Sir or Madam,

Now that the relevant amendments to the rules and regulations have been approved by the Exchange Council, we are pleased to provide you with the following important information on the initiation of trading in the Options on the Euro-Capital Market Futures (Options on the Euro-BUND-, Euro-BOBL- und Euro-Schatz-Future) at Eurex.

1. Launch date

The Options on the Euro-Capital Market Futures will be introduced for trading at Eurex on Monday 26th October 1998. From that date the first two serial expiry months (JAN99, FEB99) as well as the first two quarterly expiry months (MAR99, JUN99) will be available for trading.

2. Trading hours

The trading hours for the Euro-Capital Market Futures have been set as follows:

Pre-Trading	07.30 to 08.00 CET
Trading	08.00 to 19.00 CET
Post-Trading	19.00 to 19.30 CET

3. Contract specifications

The final contract specifications are attached as Appendix 1, 2 and 3.

4. Trading and Clearing regulations

The relevant rules concerning trading and clearing regulations have already been sent to you with Eurex Circular 46/98.

5. Margin parameters, margin classes

The margin rates for the respective margin class have been set analogous to the present DM Options on Capital Market Futures. For details see the list below:

Margin Class	Products in this Class	Parameters
FG BL	FG BL OGBL Spread Rates	160 Ticks (1,6 points) (Eur 1.600,-) Eur 160,- Back Month Eur 240,- Spot Month
FG BM	FG BM OGBM Spread Rates	90 Ticks (0,9 points) (Eur 900,-) Eur 140,- Back Month Eur 200,- Spot Month
FG BS	FG BS OGBS Spread Rates	40 Ticks (0,4 points) (Eur 400,-) Eur 120,- Back Month Eur 140,- Spot Month

6. Crossing rule

The minimum order size in accordance with subsection 1.3.3 subpart 5 of the Conditions for Trading for Cross and Prearranged Trades in Options on Euro-Capital Market Futures is 50 contracts.

7. Mistake regulation

Section 1.2 of the Clearing regulations describe the treatment of mistakes in Options on Euro-Capital Market Futures products.

8. Transaction limits

The transaction limit for each Option on Euro-Capital Market Future is 6,000 transactions per participant per day.

9. Market Order Matching Range

The Market Order Matching Range for all Products is 5 Ticks.

10. Euro conversion

On January 1st 1999, the contracts will automatically be changed from ECU to EURO in the ratio 1 to 1.

11. Preparation for initiation of trading

- On Thursday, October 22nd 1998, the Options on Euro-Capital Market Futures and the related margin classes will be set up in the Eurex trading system. Corresponding back office transactions will be transmitted electronically.
- After 19:00 CET on Friday, October 23rd 1998, settlement prices in gridations of 0.01 ECU will be dispatched for all contract months of the Options on Euro-Capital Market Futures. Transactions will also be generated for the FMI file. The daily transmission of the theoretical prices will also include the transmission of theoretical prices for the Options on Euro-Capital Market Futures. Please disregard these prices.
- On Monday, **October 26th 1998** trading will begin in the Options Euro-Capital Market Futures. Orders can be entered in the Eurex system from **07:30** CET.

12. Data vendor codes

So far, the following data codes have been advised to us by the information vendors concerned:

Data Vendor	OGBL	OGBM	OGBS
Data stream	GGE	GBE	GEB
GIS GmbH	BL01 call BL31 put	GB01 call GB31 put	SC01 call SC31 put
Reuters (RIC root)	OGBL	OGBM	OGBS
Reuters (Chain request)	0#OGBLm y+	0#OGBM m y+	0#OGBSm y+
Silverline Neuen Medien	965 268	965 269	965 270
Standard & Poor's Com stock (Com stock 64K network)	1IOGBL\m ysssss	1IOGBM \m ysssss	1IOGBS\m ysssss
Standard & Poor's Com stock (Com stock 19.2K network)	1IEDm ysss	1IEOM ysss	1IEZm ysss
Telekurs (Deutschland) GmbH	OGBL	OGBM	OGBS
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Appendix 1

Eurex Deutschland Specifications Option on Euro-BUND Future

Contract Standard	Future on a notional long-term debt security of the German Federal Government with a remaining term of 8.5-10.5 years and a notional coupon of 6%. The nominal value of a Euro-BUND futures contract is Ecu 100,000 (Euro).
Unit of Trading	One Euro-BUND futures contract.
Quotation	In points, with two decimal places.
Minimum Price Movement	0.01 point, representing a value of Ecu 10 (Euro).
Expiration Months	Options are available for the three nearest months as well as the next month of the cycle March, June, September, December, i.e. option contracts are available with terms of one, two and three months as well as up to six months. <u>Underlying Futures Contract</u> a) Expiration months March, June, September, December: The contract month of the underlying futures contract and the expiration month of the option are identical. b) Other expiration months: The contract month of the underlying futures contract is the quarter-end month following the expiration month of the option.
Expiration Day	The expiration day for an option series is the exchange trading day following its last trading day.
Last Trading Day	Six exchange trading days prior to the first calendar day of the option expiration month.
Exercise Period	American-style, i.e. an option can be exercised up to the end of the Post-Trading Period on any exchange trading day during the life of the option.
Settlement	The exercise of an option on a Euro-BUND futures contract results in the creation of a corresponding Euro-BUND futures position for the purchaser as well as for the seller to whom the exercise is assigned. The position is opened based on the agreed exercise price following the Post-Trading Period of the exercise day.
Daily Settlement Price	The price of the last trade in an option series during the last hour of trading on an exchange trading day. If no trades have occurred in the option series during this time or the traded price does not reflect the true market conditions, Eurex will set the settlement price.

Appendix 1

Eurex Deutschland Specifications Option on Euro-BUND Future

Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.
Exercise Prices	Option series have exercise prices with price gradations of 0.50 points (e.g. 95.00, 95.50, 96.00). Nine exercise prices are introduced for each contract month.
Introduction of New Exercise Prices	<p>Option series with new exercise prices for an existing expiration month will be introduced in the Eurex system no later than at the beginning of the Pre-Trading Period of an exchange trading day if the daily settlement price of the underlying Euro-BUND futures contract has, on the two preceding exchange trading days, exceeded or fallen below the average of the fifth- and fourth-highest or fifth- and fourth-lowest exercise prices, as the case may be, of options written on this Euro-BUND futures contract.</p> <p>A new option series will normally not be introduced if it would expire in fewer than 10 exchange trading days. However, new option series may be introduced during this period if required by market conditions.</p>
Option Premium	The premium is settled "futures-style". The premium payment is not made through a one-time payment after the purchase of the option; instead it is part of the daily settlement process during the duration of the option position based on a mark-to-market valuation of the position on each trading day. The valuation is made on the day on which the trade has occurred on the basis of the difference between the option price and the daily settlement price, and thereafter on the basis of the difference between the daily settlement prices of the current exchange trading day and the preceding exchange trading day. Upon exercise and assignment of the option, as well as upon its expiration, a final premium payment is made in an amount equivalent to the daily settlement price of the option contract on the exercise day or the expiration day, as the case may be.

Appendix 2

Eurex Deutschland Specifications Option on Euro-BOBL Future

Contract Standard	Future on a notional medium-term debt security of the German Federal Government or of the Treuhandanstalt with a term of 3.5 - 5 years and a notional coupon of 6%. The nominal value of a Euro-BOBL futures contract is Ecu 100,000 (Euro).
Unit of Trading	One Euro-BOBL futures contract.
Quotation	In points, with two decimal places.
Minimum Price Movement	0.01 point, representing a value of Ecu 10 (Euro).
Expiration Months	Options are available for the three nearest months as well as the next month of the cycle March, June, September, December, i.e. option contracts are available with terms of one, two and three months as well as up to six months. <u>Underlying Futures Contract</u> a) Expiration months March, June, September, December: The contract month of the underlying futures contract and the expiration month of the option are identical. b) Other expiration months: The contract month of the underlying futures contract is the quarter-end month following the expiration month of the option.
Expiration Day	The expiration day for an option series is the exchange trading day following its last trading day.
Last Trading Day	Six exchange trading days prior to the first calendar day of the option expiration month.
Exercise Period	American-style, i.e. an option can be exercised up to the end of the Post-Trading Period on any exchange trading day during the life of the option.
Settlement	The exercise of an option on a Euro-BOBL futures contract results in the creation of a corresponding Euro-BOBL futures position for the purchaser as well as for the seller to whom the exercise is assigned. The position is opened based on the agreed exercise price following the Post-Trading Period of the exercise day.
Daily Settlement Price	The price of the last trade in an option series during the last hour of trading on an exchange trading day. If no trades have occurred in the option series during this time or the traded price does not reflect the true market conditions, Eurex will fix the settlement price.
Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.

Appendix 2

Eurex Deutschland Specifications Option on Euro-BOBL Future

Exercise Prices	Option series have exercise prices with price gradations of 0.25 points (e.g. 95.00, 95.25, 95.50). Nine exercise prices are introduced for each contract month.
Introduction of New Exercise Prices	<p>Option series with new strike prices for an existing expiration month will be introduced in the Eurex system no later than at the beginning of the Pre-Trading Period of an exchange trading day if the daily settlement price of the underlying Euro-BOBL futures contract has, on the two preceding exchange trading days, exceeded or fallen below the average of the fifth- and fourth-highest or fifth- and fourth-lowest strike prices, as the case may be, of options written on this Euro-BOBL futures contract.</p> <p>A new option series will normally not be introduced if it would expire in fewer than 10 exchange trading days. However, new option series may be introduced during this period if required by market conditions.</p>
Option Premium	The premium is settled "futures-style". The premium payment is not made through a one-time payment after the purchase of the option; instead it is part of the daily settlement process during the duration of the option position based on a mark-to-market valuation of the position on each trading day. The valuation is made on the day on which the trade has occurred on the basis of the difference between the option price and the daily settlement price, and thereafter on the basis of the difference between the daily settlement prices of the current exchange trading day and the preceding exchange trading day. Upon exercise and assignment of the option, as well as upon its expiration, a final premium payment is made in an amount equivalent to the daily settlement price of the option contract on the exercise day or the expiration day, as the case may be.

Appendix 3

Eurex Deutschland Specifications Option on Euro-Schatz Future

Contract Standard	Future on a short-term debt security issued by the German Federal Government or the Treuhandanstalt with a term of 1¾-2¼ years and a notional coupon of 6%. The nominal value of a Euro-Schatz futures contract is Ecu 100,000 (Euro).
Unit of Trading	One Euro-Schatz futures contract.
Quotation	In points, with two decimal places.
Minimum Price Movement	0.01 point, representing a value of Ecu 10 (Euro).
Expiration Months	Options are available for the three nearest months as well as the next month of the cycle March, June, September, December, i.e. option contracts are available with terms of one, two and three months as well as up to six months. <u>Underlying Futures Contract</u> a) Expiration months March, June, September, December: The contract month of the underlying futures contract and the expiration month of the option are identical. b) Other expiration months: The contract month of the underlying futures contract is the quarter-end month following the expiration month of the option.
Expiration Day	The expiration day for an option series is the exchange trading day following its last trading day.
Last Trading Day	Six exchange trading days prior to the first calendar day of the option expiration month.
Exercise Period	American-style, i.e. an option can be exercised up to the end of the Post-Trading Period on any exchange trading day during the life of the option.
Settlement	The exercise of an option on a Euro-Schatz futures contract results in the creation of a corresponding Euro-Schatz futures position for the purchaser as well as for the seller to whom the exercise is assigned. The position is opened based on the agreed exercise price following the Post-Trading Period of the exercise day.
Daily Settlement Price	The price of the last trade in an option series during the last hour of trading on an exchange trading day. If no trades have occurred in the option series during this time or the traded price does not reflect the true market conditions, Eurex will determine the settlement price.

Appendix 3

Eurex Deutschland Specifications Option on Euro-Schatz Future

Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.
Exercise Prices	Option series have exercise prices with price intervals of 0.25 points (e.g. 102.00, 102.25, 102.50). Nine exercise prices are introduced for each contract month.
Introduction of New Exercise Prices	<p>Option series with new strike prices for an existing expiration month will be introduced in the Eurex system no later than at the beginning of the Pre-Trading Period of an exchange trading day if the daily settlement price of the underlying Euro-Schatz futures contract has, on the two preceding exchange trading days, exceeded or fallen below the average of the fifth- and fourth-highest or fifth- and fourth-lowest strike prices, as the case may be, of options written on this Euro-Schatz futures contract.</p> <p>A new option series will normally not be introduced if it would expire in fewer than 10 exchange trading days. However, new option series may be introduced during this period if required by market conditions.</p>
Option Premium	The premium is settled "futures-style". The premium payment is not made through a one-time payment after the purchase of the option; instead it is part of the daily settlement process during the duration of the option position based on a mark-to-market valuation of the position on each trading day. The valuation is made on the day on which the trade has occurred on the basis of the difference between the option price and the daily settlement price, and thereafter on the basis of the difference between the daily settlement prices of the current exchange trading day and the preceding exchange trading day. Upon exercise and assignment of the option, as well as upon its expiration, a final premium payment is made in an amount equivalent to the daily settlement price of the option contract on the exercise day or the expiration day, as the case may be.



Eurex

Membership Unit

60284 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 Licences at Eurex Deutschland

I. We herewith apply for admission as Market Maker pursuant to Section 3.3 of the Exchange Rules for Eurex Deutschland and Eurex Zürich.

We are also admitted as Exchange Participant at Eurex Zürich AG. Therefore, this application shall also be applicable to the products for which we are not yet a Market Maker at Eurex Zürich AG.

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

<input type="checkbox"/> ALV	<input type="checkbox"/> CBK	<input type="checkbox"/> HOE	<input type="checkbox"/> THY
<input type="checkbox"/> BAS	<input type="checkbox"/> DAI	<input type="checkbox"/> LHA	<input type="checkbox"/> VEB
<input type="checkbox"/> BAY	<input type="checkbox"/> DBK	<input type="checkbox"/> MMN	<input type="checkbox"/> VIA
<input type="checkbox"/> BMW	<input type="checkbox"/> DCX DaimlerChrysler	<input type="checkbox"/> PRS	<input type="checkbox"/> VOW
<input type="checkbox"/> BHW	<input type="checkbox"/> DRB	<input type="checkbox"/> RWE	
<input type="checkbox"/> BVM	<input type="checkbox"/> DTE	<input type="checkbox"/> SIE	
<input type="checkbox"/> ABB	<input type="checkbox"/> HOL	<input type="checkbox"/> RUKN	<input type="checkbox"/> UBSN
<input type="checkbox"/> ALUN	<input type="checkbox"/> NESN	<input type="checkbox"/> SBVN	<input type="checkbox"/> UHRN
<input type="checkbox"/> CIBN	<input type="checkbox"/> NOVN	<input type="checkbox"/> SRN	<input type="checkbox"/> WINN
<input type="checkbox"/> CLN	<input type="checkbox"/> RA	<input type="checkbox"/> SUN	<input type="checkbox"/> ZUAN
<input type="checkbox"/> CSGN	<input type="checkbox"/> ROG	<input type="checkbox"/> SCMN Swisscom	



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|---|--|
| <input type="checkbox"/> ODAX
Option contracts on the German Stock Index - DAX® | <input type="checkbox"/> OGBL
Option contracts on Euro-BUND-Futures |
| <input type="checkbox"/> OBND
Option contracts on Long-Term German Government Bond Futures | <input type="checkbox"/> OGBM
Option contracts on Euro-BOBL-Futures |
| <input type="checkbox"/> OBOB
Option contracts on Medium-Term German Gov. Bond Futures | <input type="checkbox"/> OGBS -
Option contracts on Euro-Schatz-Futures |
| <input type="checkbox"/> OSHZ
Option contracts on Schatz-Futures | <input type="checkbox"/> OSTX
Option contracts on the Dow Jones STOXX® 50 Index |
| <input type="checkbox"/> EUMO
Option contracts on Three-Month-Euromark-Futures | <input type="checkbox"/> OESX
Option contracts on the Dow Jones Euro STOXX® 50 Index |
| <input type="checkbox"/> OEU3
Option contracts on Three-Month-Euribor-Futures | <input type="checkbox"/> OUSD
underlying Option contracts on Foreign Currencies with the US\$ |
| <input type="checkbox"/> OSMI
Option contracts on the Swiss Market Index (SMI ®) | |
| <input type="checkbox"/> OCNF
Option contracts on the CONF-Future | |

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 Deutschland and Eurex Zürich:

Name, first name	Product to be covered
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 Section 3.3 of the Exchange Rules for Eurex Deutschland and Eurex Zürich.

III. We confirm that we are familiar with 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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Appendix 5

Quote Obligations Market Making

The following quote obligations are valid for all option series (Calls and Puts) on quote requests:

Minimum size: 25 contracts

Quotation period: Respond to 50 percent of the request for quotes

Quotation scheme:

ask prices up to	maximum spread	maximum spread 5 trading days prior to expiration
0.09	0.04	0.08
0.29	0.06	0.08
1.00	0.08	0.08
999.99	0.10	0.10

During fast market (definition and announcement through the exchange) the minimum size is reduced to 5 contracts and the maximum spreads are doubled.

The additional quote obligations (below) are valid for the following option series (Calls and Puts):

- The first three expiration months.
- Two strike prices around the at-the-money point.

Minimum size: 50 contracts on both the bid and ask side for the above described series.

Maximum spread: 4 ticks.

Quotation period: 40 percent of the total daily trading period on a monthly average.