e u r e x *c i r c u l a r*

To: The members of Eurex Deutschland and Eurex Zürich
Date: Frankfurt, September 24, 1998
Ref.: **Eurex Circular No. 56/98**

Introduction of stock options on Swisscom stocks

Dear Sir or Madam,

As part of the partial privatisation of Swisscom, an IPO is planned for 5 October 1998.

The Executive Management of Eurex has decided to introduce options on Swisscom AG stocks on Eurex. Trading in options on Swisscom AG stocks is scheduled to start on Eurex on the same day as on Swiss Exchange SWX. The probable launch date for Swisscom stocks on SWX is 5 October 1998, and trading is therefore similarly set to commence on Eurex on 5 October 1998. The first day's trading on Eurex will begin after the opening price of Swisscom stock has been set on SWX at around 9:00 a.m.

The following terms and conditions apply to the introduction of these stock options:

Specification	**Swisscom AG registereds**
Trading symbol in Eurex system	SCMN
Security ID number of underlying security	874'251
Contract months (commencement of trading on 5.10.98)	October 98, November 98, December 98, March 99, June 99, September 99, December 99, June 00
Contract size	10 underlyings per contract
Strike prices	Minimum 3 strike prices per contract month. The strike prices applicable from 5.10.98 will be published on our Contributor-Pages (EUREX30) after the close of trading on 2.10.1998.
Market makers	Warburg Dillon Read, Zurich (SBVZH)
(probable)	Hull Trading GmbH, Frankfurt (HULFR)
	Goldmann Sachs & Co Bank, Zurich (GSAZH)
	DTS Derivative Trading System AG, Zug (DTSZG)
	AGON Wertpapier-Handelsgesellschaft GmbH, Cologne (EUFDU)
Fees	The fees for agent and principal transactions are as follows: CHF 0.40 for trading and CHF 0.40 for exercises. The fees for market maker transactions are a fifth of the above fees.
Maximum position	38,062 contracts
Trading times	9 a.m. – 5 p.m. CET

For detailed information on the contract specifications please consult Enclosure 1.

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Geschäftsführer:
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Andreas Preuß, Jürg Spillmann

Market making in Swisscom stocks
The undertakings applicable to market making correspond to the guidelines set out in „Eurex Project Circular No. 50/98". If you are interested in making a market in Swisscom stocks, please complete the enclosed application form and return it to Eurex, attn. Ms Knapp, fax +49 69 2101 3802.

Preparations for commencement of trading

- On Thursday, 1 October 1998, the Swisscom options (Eurex symbol "SCMN") as well as the margin class will be entered in the Eurex trading system. The relevant back-office transactions will be transferred electronically.

- After the close of trading on Friday, 2 October 1998, settlement prices will be sent out for all Swisscom option contract months. Transactions will also be generated for the PMI file. The theoretical prices of Swisscom options will be transferred as part of the daily transfer of theoretical prices. We would ask you to ignore these.

- Trading in Swisscom stock options will commence on Monday, 5 October 1998. Orders can be entered in the Eurex system from 7.30 a.m. onwards.

If you have any questions in this regard, please don't hesitate to contact our helpdesks:

Helpdesk for technical questions	Helpdesk for operational questions
+49-69-21 01-12 00	+49-69-21 01-12 10 Trading +49-69-21 01-12 50 Clearing

Sincerely yours,
Eurex

Otto E. Nägeli

Daniel Grossrieder

Enclosures
Contract specifications
Market making registration forms

Contract Specifications: Equity Options

1.1 Short-term & Long-term Options on Equities

Symbol	Underlying equity	LTO	LEPO	SIN	ISIN
ABB	ABB Asea Brown Boveri I	x	x	625432	CH0006254327
ALUN	Alusuisse-Lonza Group N	x	x	141832	CH0001418323
CIBN	Ciba Spezialitätenchemie Holding N	x	x	581972	CH0005819724
CLN	Clariant N	x	x	912197	CH0009121978
CSGN	Credit Suisse Group N	x	x	146248	CH0001462487
HOL	Holderbank I		x	188058	CH0001880589
NESN	Nestlé N	x	x	213768	CH0002137682
NOVN	Novartis N	x	x	445884	CH0004458847
RA	Rentenanstalt/Swiss Life I		x	623098	CH0006230988
ROG	Roche Holding GS	x		224181	CH0002241815
RUKN	Schweiz. Rückversicherung N	x	x	124558	CH0001245585
SBVN	UBS AG N			42204	CH0000422045
SCMN	Swisscom N	x	x	874251	CH0008742519
SRN	SAir Group N		x	881506	CH0008815067
SUN	Sulzer N		x	237645	CH0002376454
UBSN	UBS AG N	x		847092	CH0008470921
UHRN	The Swatch Group N		x	80044	CH0000800448
WINN	Credit Suisse Group N			708471	CH0007084715
ZUAN	Zurich Allied N	x	x	914210	CH0009142107

Option types
American-style options to buy and sell (Calls and Puts)

Contract size*
10 shares of the underlying equity (Exception ROG: 1 share)

Contract months for options without LTO's*
The three nearest months as well as the next two succeeding months in the cycle March, June, September and December, i.e. the options are available with terms of up to 9 months.

Contract months for options with LTO's*
The three nearest calendar months, the next three succeeding months in the cycle March, June, September and December, and the following two month within the cycle June and December, i.e. the options are available with terms of up to 24 months.

Introduction of new exercise prices
Option series with new exercise prices will be introduced in an existing series on the next trading day if the daily settlement price in the underlying equity is equal to and/or has exceeded (fallen below) the average of the highest (lowest) and second-highest (lowest) exercise price and there are at least five trading days remaining to expiration.

New exercise prices after expiration
3 exercise prices, with one exercise price in-the-money, at-the-money and out-of-the-money for each call and each put.

Exercise price gradations//intervals

Exercise price				Gradation
	up to	CHF 195		CHF 5
CHF 200	to	CHF 390		CHF 10
CHF 400	to	CHF 975		CHF 25
CHF 1,000	to	CHF 1,950		CHF 50
CHF 2,000	to	CHF 4,900	-	CHF 100
CHF 5,000	and higher			CHF 200

Exercise price gradations (LTO)

Exercise price				Gradation
	to	CHF 180		CHF 20
CHF 200	to	CHF 360		CHF 40
CHF 400	to	CHF 900		CHF 100
CHF 1,000	to	CHF 1,800		CHF 200
CHF 2,000	to	CHF 4,400	-	CHF 400
CHF 5,000.-	to	CHF 8,200		CHF 800
CHF 9000.-	and higher			CHF 1000.-

Minimum price movement (Tick)

Option price			Tick size
CHF 0.10	to	CHF 9.90	CHF 0.10
CHF 10.00	to	CHF 19.80	CHF 0.20
CHF 20.00	to	CHF 299.50	CHF 0.50
CHF 300.00	and higher		CHF 1.00

Trading hours
9:00 a.m. to 5:00 p.m. CET

Exercise period
On every trading day until 6:00 p.m. CET (American-style).

Contract performance
Three exchange business days after the exercise.

Last trading day
The third Friday of the expiration month if that is an exchange business day, otherwise the exchange business day immediately preceding this Friday.

Daily settlement price
The price of the last trade in an option series; if it is more than 15 minutes old or does not correspond to the current market conditions, EUREX will set the settlement price.

Margin
Eurex Risk based margining

Fees for customers per contract (Versions 0 and 1)

	Trading	Exercise
All equity options	CHF 0.40	CHF 0.40

Fees for MarketMakers per contract (Versions 0 and 1)

	Trading	Exercise
All equity options	CHF 0.08	CHF 0.08

* Only valid for new series; the existing specifications continue to be valid for existing contracts (Version no. 1).

Application for the Granting of Market Maker Licences
at the Eurex Deutschland



Eurex

Membership Unit

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 Section 19, Paragraph 1 of the Eurex Exchange Rules

I. We herewith apply for admission as Market Maker pursuant to Section 19, Paragraph 1 of the Eurex Exchange Rules. The granting of a Market Maker License is applied for regarding the trading in

☐ 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 a Market Maker at Eurex Zürich AG.

Option contracts on equities with the following underlying(s):

☐ ALV	☐ CBK	☐ HOE	☐ THY
☐ BAS	☐ DAI	☐ LHA	☐ VEB
☐ BAY	☐ DBK	☐ MMN	☐ VIA
☐ BMW	☐ DCX DaimlerChrysler	☐ PRS	☐ VOW
☐ BHW	☐ DRB	☐ RWE	
☐ BVM	☐ DTE	☐ SIE	
☐ ABB	☐ HOL	☐ RUKN	☐ UBSN
☐ ALUN	☐ NESN	☐ SBVN	☐ UHRN
☐ CIBN	☐ NOVN	☐ SRN	☐ WINN
☐ CLGN	☐ RA	☐ SUN	☐ ZUAN
☐ CSGN	☐ RAOG	☐ SCMN Swisscom	

☐ **- ODAX -** Option contracts on the German Stock Index - DAX® -

☐ - **OBND** - Option contracts on Long-Term German Government Bond Futures

☐ - **OBOB** - Option contracts on Medium-Term German Government Bond Futures

☐ **- OSHZ -** Option contracts on Schatz-Futures

☐ - **EUMO** - Option contracts on Three-Month-Euromark-Futures

☐ - OEU3 - Option contracts on Three-Month-Euribor-Futures

☐ - **OSTX** - Option contracts on Dow Jones STOXX® 50

☐ - **OESX** - Option contracts on Dow Jones Euro STOXX® 50

☐ - **OUSD** - Option contracts on Foreign Currencies with the underlying US$

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

☐ **- OCONF -** Option contracts on CONF-Future

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 the Eurex Deutschland:

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 19, Paragraph 3 of the Eurex Exchange Rules.

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

Place and Date **Company Stamp and authorized Signature**