e u r e x *circular*

To: The members of Eurex Deutschland
Date: Frankfurt, September 30, 1998
Reference: PS

Launch of Euro-Capital Market Futures at Eurex

Circular 57/98

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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 Euro-Capital Market futures (Euro-BUND future, Euro-BOBL future, Euro-Schatz future and Euro-Jumbo-Pfandbrief future) at Eurex.

1. Launch date

The Euro-Capital Market futures will be introduced for trading at Eurex on Monday, October 5, 1998. As of this date, three quarter-end months will be available for trading in this contract (MAR99, JUN99, SEP99).

2. Trading hours

The trading hours for the Euro-Capital Markets futures have been set as follows:

Pre-Trading	7:30 a.m. to 8:00 a.m. CET
Trading	8:00 a.m. to 7:00 p.m. CET
Post-Trading	7:00 p.m. to 7:30 p.m. CET

The trading hours for the Euro-Jumbo-Pfandbrief futures have been set as follows:

Pre-Trading	7:30 a.m. to 8:00 a.m. CET
Trading	8:00 a.m. to 5:30 p.m. CET
Post-Trading	5:30 p.m. to 7:30 p.m. CET

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3. Contract specifications

The final contract specifications are included in Appendices 1-4 to this circular.

4. Trading and clearing regulations

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

5. Margin rates, margin class, margin group

The margin rates for the respective margin class have been set analogy to the present Capital Market futures. For details see the list below:

Margin class	Products in this class	Parameters
FGBL	FGBL	110 Ticks
	OGBL	(Ecu 1.100,-)
	Spread Rates	Ecu 160,- Back Month
		Ecu 240,- Spot Month
FGBM	FGBM	70 Ticks
	OGBM	(Ecu 700,-)
	Spread Rates	Ecu 140,- Back Month
		Ecu 200,- Spot Month
FGBS	FGBS	40 Ticks
	OGBS	(Ecu 400,-)
	Spread Rates	Ecu 120,- Back Month
		Ecu 140,- Spot Month
FMBM	FMBM	110 Ticks
		(Ecu 1.100,-)
	Spread Rates	Ecu 140,- Back Month
		Ecu 200,- Spot Month

After introduction, the Euro-Capital Market futures will be included in the BUBO margin group.
As a result, offsetting risks of the products BUXL, Jumbo-Pfandbrief, Schatz, BOBL and BUND future will be taken on either DM or on ECU basis into account accordingly. As a result, much less liquidity is required as margin than would be the case if the margin requirement were calculated for the individual margin classes. The offset factor for the BUBO margin group remains unchanged.

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 Euro-BUND futures trading is 500 contracts. For the Euro-BOBL, Euro-Schatz and the Euro-Jumbo-Pfandbrief futures the minimum order size is 300 contracts.

7. Mistrade regulation

The interval applicable for erroneous entries (Mistrades) in accordance with subsection 1.3.2 of the Implementation Regulations in Euro-Capital Market futures is 20% of the Additional Margin as for similar DM products.

8. Transaction limit

The transaction limit for each Euro-Capital Market future is 12,000 transactions per day per participant.

9. Market Order Matching Range

The Market Order Matching Range is 5 ticks for all products.

10. Basis Trading

From December 8, 1998 (December expiry date of DEM Capital Market futures) it will be possible to arrange Basis Trades (Euro-Capital Market futures against DEM-denominated government bonds). From January 4, 1999 Basis Trades will be arranged as Euro-Capital Market futures but also as DEM-Capital Market futures against the re-denominated government bonds.

11. Euro conversion

On January 1, 1999, the contract will automatically be changed over from ECU to EURO 1-for-1.

12. Preparations for the initiation of trading

- On Thursday, October 1, 1998, the 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 7:00 p.m. CET on Friday, October 2, 1998, settlement prices in gradations of 0.01 ECU will be dispatched for all contract months of the Euro-Capital Market futures. Transactions will also be generated for the PMI file. The daily transmission of the theoretical prices will also include the transmission of theoretical prices for the Euro-Capital Market futures. Please disregard these prices.

- On Monday, **October 5, 1998** trading will begin in the Euro-Capital Market future. Orders can be entered in the Eurex system from **7:30 a.m**. CET.

13. Quote vendor codes

The following quote vendor codes have been given to us by the vendors:

	Euro Bund Future	**Euro Bobl Future**	**Euro Schatz Future**	**Euro Jumbo Future**
Bloomberg	RX	OE	DU	PJ
Bloomberg	RXH9	OEH9	DUH9	PJH9
Datastream	GGE	GBE	GEB	GJE
GIS GmbH	Bun2	Bob2	Sha2	Jum2
GIS GmbH	Bun1	Bob1	Sha1	Jum1
Reuters	FGBL	FGBM	FGBS	FMBM
Reuters	0#FGBL:	0#FGBM:	0#FGBS:	0#FMBM:
Silverline Neue Medien	965 264	965 265	965 266	965 271
Standard & Poor's Comstock	1IEDmy	1IEOmy	1IEZmy	1IEJmy
Telekurs (Deutschland) GmbH	FGBL	FGBM	FGBS	FMBM
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If you have any questions, please contact Mr. Peter Sack on 21-01-5316 or the helpdesks below :

Technical Helpdesk

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Yours sincerely

Dr. Jörg Franke

Hartmut Klein

Enclosures

Appendix 1

Eurex Deutschland
S p e c i f i c a t i o n s
Future on a Notional Long-Term Debt Security of the German Federal Government
(Euro-BUND Future)

Contract Standard	Long-term notional debt security issued by the German Federal Government with a term of 8.5 - 10.5 years and a notional coupon of 6%.
Settlement	A delivery obligation arising out of a short position in a Euro-BUND futures contract may only be performed by the delivery of debt securities designated by Eurex - specifically, Federal Government Bonds (Bundesanleihen) - with a remaining term of 8.5 - 10.5 years. A minimum issue amount of DM 4 billion or, for new issues as of January 1, 1999, 2 billion euros is required.
Contract Size	Ecu 100,000 (Euro).
Quotation	In a percentage of the par value, with two decimal places.
Minimum Price Movement	0.01 percent, representing a value of Ecu 10 (Euro).
Delivery Months	The three nearest quarter-end months of the cycle March, June, September, December.
Notification	Clearing Members with open short positions must notify Eurex by the end of the Post-Trading Period on the last trading day in the delivery month of the futures contract which debt securities they will deliver.
Last Trading Day	Two exchange trading days prior to the delivery day of the relevant quarter-end month. Trading in the contract for this delivery month ends at 12:30 p.m.
Daily Settlement	For each contract, profits and losses arising out of open positions on any trading day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous exchange trading day, the amount to be credited or debited is equal to the difference between the daily settlement prices of the contract on the relevant exchange trading day and the previous exchange trading day. For trades on the relevant trading day, the amount to be credited or debited is equal to the difference between the price at which the trade was concluded and the daily settlement price for this day.
Daily Settlement Price	The volume-weighted average of the prices of the five last trades, provided they are no more than 15 minutes old, or the volume-weighted average of the prices of all trades that occurred during the final minute of trading if more than five trades occurred during this time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the settlement price.

Appendix 1

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S p e c i f i c a t i o n s
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(Euro-BUND Future)

Delivery Day	The delivery day is the 10th calendar day of the respective quarter-end month if this day is an exchange trading day, otherwise the next succeeding exchange trading day. Delivery is made through Deutsche Börse Clearing AG.
Exchange Delivery Settlement Price (EDSP)	The volume-weighted average of the 10 last trades, provided they are no more than 30 minutes old, or the volume-weighted average of the prices of all trades that occurred during the final minute of trading if more than 10 trades were matched during this time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the EDSP. The EDSP is determined at 12:30 p.m. Frankfurt time on the last trading day.
Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.

Appendix 2

Eurex Deutschland
S p e c i f i c a t i o n s
Future on a Notional Medium-Term Debt Security of the German Federal Government or the Treuhandanstalt (Euro-BOBL Future)

Contract Standard	Medium-term notional debt security issued by the German Federal Government or the Treuhandanstalt with a term of 3.5-5 years and a notional coupon of 6% .
Settlement	A delivery obligation arising out of a short position in a Euro-BOBL futures contract may only be performed by the delivery of debt securities designated by Eurex - specifically, Federal Government Bonds (Bundesanleihen), Federal Debt Obligations (Bundesobligationen), Federal Treasury Bills (Bundesschatzanweisungen) or, to the extent that the Federal Republic of Germany assumes unlimited and direct liability thereunder, debt securities of the Treuhandanstalt which are exchange-traded - with a remaining term of 3.5 to 5 years. A minimum issue amount of DM 4 billion or, for new issues as of January 1, 1999, of 2 billion euros is required .
Contract Size	Ecu 100,000 (Euro).
Quotation	In a percentage of the par value, with two decimal places.
Minimum Price Movement	0.01 percent, representing a value of Ecu 10 (Euro).
Delivery Months	The three nearest quarter-end months in the cycle March, June, September, December.
Notification	Clearing Members with open short positions must notify Eurex by the end of the Post-Trading Period on the last trading day in the delivery month of the futures contract which debt securities they will deliver.
Last Trading Day	Two exchange trading days prior to the delivery day of the relevant quarter-end month. Trading in the contract for this delivery month ends at 12:30 p.m.
Daily Settlement	For each contract, profits and losses arising out of open positions on any trading day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous exchange trading day, the amount to be credited or debited is equal to the difference between the daily settlement prices of the contract on the relevant exchange trading day and the previous exchange trading day. For trades on the relevant trading day, the amount to be credited or debited is equal to the difference between the price at which the trade was concluded and the daily settlement price for this day.
Daily Settlement Price	The volume-weighted average of the prices of the five last trades, provided they are no more than 15 minutes old, or the volume-weighted average of the prices of all trades that occurred during the final minute of trading if more than five trades have occurred during this time. If it is not possible to

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	determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the settlement price.
Delivery Day	The delivery day is the 10th calendar day of the respective quarter-end month if this day is an exchange trading day, otherwise the next succeeding exchange trading day. Delivery is made through Deutsche Börse Clearing AG.
Exchange Delivery Settlement Price (EDSP)	The volume-weighted average of the 10 last trades, provided they are no more than 30 minutes old, or the volume-weighted average of the prices of all trades concluded during the last minute of trading if more than 10 trades were matched during this time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the EDSP. The EDSP is determined at 12:30 p.m. Frankfurt time on the last trading day.
Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.

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Eurex Deutschland
S p e c i f i c a t i o n s
Future on a Notional Short-Term Debt Security of the German Federal Government or the Treuhandanstalt (Euro-Schatz Future)

Contract Standard	Short-term debt securities issued by the German Federal Government or the Treuhandanstalt with a term of 1¾ - 2¼ years and a notional coupon of 6%.
Settlement	A delivery obligation arising out of a short position in a Euro-Schatz futures contract may only be performed by the delivery of debt securities designated by Eurex - specifically, Federal Treasury Bills (Bundesschatz-anweisungen) with an original term of no more than 2¼ years and a remaining term of at least 1¾ years; in addition Federal Debt Obligations (Bundesobligationen), four-year Federal Treasury Bills (Bundesschatzanweisungen), Federal bonds (Bundesanleihen) or, to the extent that the Federal Republic of Germany assumes unlimited and direct liability thereunder, debt securities of the Treuhandanstalt which are exchange-traded - with a remaining term of 1¾ to 2¼ years on the delivery day. The debt securities must have a minimum issue amount of DM 4 billion or, for new issues as of January 1, 1999, 2 billion euros.
Contract Size	Ecu 100,000 (Euro).
Quotation	In a percentage of the par value, with two decimal places.
Minimum Price Movement	0.01 percent, representing a value of Ecu 10 (Euro).
Delivery Months	The three nearest quarter-end months in the cycle March, June, September, December.
Notification	Clearing Members with open short positions must notify Eurex by the end of the Post-Trading Period on the last trading day of the delivery month of the futures contract which debt securities they will deliver.
Last Trading Day	Two exchange trading days prior to the delivery day of the relevant quarter-end month. Trading in the contract for this delivery month ends at 12:30 p.m. (Frankfurt time).

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Daily Settlement	For each contract, profits and losses arising out of open positions on any trading day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous exchange trading day, the amount to be credited or debited is equal to the difference between the daily settlement prices of the contract on the relevant exchange trading day and the previous exchange trading day. For trades on the relevant trading day, the amount to be credited or debited is equal to the difference between the price at which the trade was concluded and the daily settlement price for this day.
Daily Settlement Price	The volume-weighted average of the prices of the five last trades, provided they are no more than 15 minutes old, or the volume-weighted average of the prices of all trades concluded during the final minute of trading if more than five trades occurred during this time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the settlement price.
Delivery Day	The delivery day is the 10th calendar day of the respective quarter-end month if this day is an exchange trading day, otherwise the next succeeding exchange trading day. Delivery is made through Deutsche Börse Clearing AG.
Exchange Delivery Settlement Price (EDSP)	The volume-weighted average of the 10 last trades, provided they are no more than 30 minutes old, or the volume-weighted average of the prices of all trades that occurred during the final minute of trading if more than 10 trades were matched during this time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the EDSP. The EDSP is determined at 12:30 p.m. Frankfurt time on the last trading day.
Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.

Appendix 4

Eurex Deutschland
S p e c i f i c a t i o n s
Future on a Notional Medium-Term Jumbo Pfandbrief of Private Mortgage Banks or Financial Institutions under public law (Euro-Jumbo-Pfandbrief Future)

Contract Standard	Medium-term notional Euro-Jumbo Pfandbrief issued by Private Mortgage Banks (Hypothekenbanken) or Financial Institutions under public law (Öffentlich-rechtliche Emittenten) with a term of 3.5-5 years and a notional coupon of 6%.
Settlement	A delivery obligation arising out of a short position in a Euro-Jumbo Pfandbrief futures contract may only be performed by the delivery of Jumbo Pfandbriefe designated by Eurex - specifically, Mortgage Pfandbriefe and Pfandbriefe under public law issued by Private Mortgage Banks (Hypothekenbanken) or Financial Institutions under public law (Öffentlich-rechtliche Emittenten) with a remaining term of no less than 3.5 years and no more than 5 years on the delivery day. A fixed coupon bond format, a minimum issue amount of at least DM 1 billion or, for new issues as of January 1, 1999, 500 million euros, and a AAA rating for each issue is required. With the issuance of Jumbo-Pfandbriefe at least three financial institutions must have been named by the issuer as market makers in the cash market .
Delivery Basket	The final fixing of the basket of deliverable Jumbo Pfandbriefe will be carried out on the last exchange trading day of the calendar month prior to the delivery month. The first exchange trading day of a new Jumbo-Pfandbrief with a AAA rating must not be later than the last exchange trading day of the calendar month prior to the delivery month to be included in the delivery basket of the next delivery month. The value date of an increased tranche with a AAA rating of a Jumbo Pfandbrief must not be later than the last exchange trading day of the calendar month prior to the delivery month to be included in the delivery basket of the next delivery month. In case of an up-/downgrading of its rating before the final fixing of the delivery basket the respective Jumbo Pfandbrief will be immediately included in/excluded from the delivery basket of the next delivery month. In case of a downgrading of its rating after the final fixing of the delivery basket the respective Jumbo Pfandbrief will remain included in the delivery basket of the next delivery month but it will be excluded from the delivery basket of the following delivery months. In case of an upgrading of its rating after the final fixing of the delivery basket the respective Jumbo Pfandbrief will not be included in the delivery basket of the next delivery month but

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	it will be included in the delivery basket of the following delivery months.
Contract Size	Ecu 100,000 (Euro).
Quotation	In a percentage of the par value, with two decimal places.
Minimum Price Movement	0.01 percent, representing a value of Ecu 10 (Euro).
Delivery Months	The three nearest quarter-end months in the cycle March, June, September, December.
Notification	Clearing Members with open short positions must notify Eurex by the end of the Post-Trading Period on the last trading day in the delivery month of the futures contract which Jumbo Pfandbrief they will deliver.
Last Trading Day	Two exchange trading days prior to the delivery day of the relevant quarter-end month. Trading in the contract for this delivery month ends at 12:30 p.m. Frankfurt time.
Daily Settlement	For each contract, profits and losses arising out of open positions on any trading day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous exchange trading day, the amount to be credited or debited is equal to the difference between the daily settlement prices of the contract on the relevant exchange trading day and the previous exchange trading day. For trades on the relevant trading day, the amount to be credited or debited is equal to the difference between the price at which the trade was concluded and the daily settlement price for this day.
Daily Settlement Price	The volume-weighted average of the prices of the five last trades, provided they are no more than 15 minutes old, or the volume-weighted average of the prices of all trades that occurred during the final minute of trading if more than five trades occurred during this time. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the settlement price.
Delivery Day	The delivery day is the 10th calendar day of the respective quarter-end month if this day is an exchange trading day, otherwise the next succeeding exchange trading day. Delivery is made through Deutsche Börse Clearing AG.
Exchange Delivery Settlement Price (EDSP)	The volume-weighted average of the 10 last trades, provided they are no more than 30 minutes old, or the volume-weighted average of the prices of all trades concluded during the final minute of trading if more than 10 trades were

	matched during this period. If it is not possible to determine a price under these conditions, or if the price so determined does not reflect the true market conditions, Eurex will set the EDSP. The EDSP is determined at 12:30 p.m. Frankfurt time on the last trading day.
Margin	Eurex determines the daily margin requirement using its Risk-Based Margining method.