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To: All Eurex members and vendors

Date: Frankfurt, 11th June 1999

1. Restructuring and Extension of Admissible Eurex Collateral
2. Editorial Changes to Section 2.2.1 of the Eurex Clearing Conditions

Dear Sir or Madam,

We would like to draw your attention to the following board decisions:

1. Restructuring and Extension of Admissible Eurex Collateral

On 26th May 1999, the Eurex Clearing executive board, in consultation with the Eurex Working Group – Clearing, agreed the restructuring and extension of admissible Eurex collateral. With effect from 15th June 1999 the following extensions and harmonisation measures will be in effect:

Collateral in Fixed Income Securities (DEM, EUR):

- The criteria 'eligible as Lombard collateral', 'trustee securities' and 'eligible as cover funds', will be replaced by the 'Category 1' designation of the European System of Central Banks (ESCB), through which additional European securities denominated in EUR will be accepted.

Collateral in Fixed Income Securities (CHF, GBP, USD):

- For harmonisation, 25% of the free float of the issued capital of all bonds will be accepted.
- For extension of the admissible Eurex collateral, US and UK government bonds will be accepted, valued at 85% of their market price.

Collateral in Equities (EUR, CHF)

- In addition to the DAX and SMI equities, the component stocks in the Euro Stoxx 50 will be accepted as collateral. In future, other stocks to be announced by Eurex Clearing AG will be accepted. All equities are valued for collateral at 50% of their market price.
- For general harmonisation, the admissible limit is 5% of the free float of each security.

For all securities an exchange listing is a prerequisite. Deliveries where the issuer and the clearer are the same are forbidden.

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Börsenplatz 7 - 11
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www.eurexchange.com

Eurex Member Readiness
Tel. +49 (0)69-2101-1700
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Executive Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

A prerequisite for delivery of European, US and UK securities by German clearing members is the opening of an OLGA pledged securities account in favour of Eurex at DBC. (For Swiss clearing members, their SEGA account will be used). The application for the account should be sent to the following address:

Clearing AG, Clearing Settlement Domestic, Herrn Laber (Tel. +49-(0)69-2101-5964)
Boersenplatz 7-11, D-60313 Frankfurt am Main, Germany.

The delivery procedure is identical to that for German and Swiss securities, which requires access to screen K051 on the Eurex system to check that the corresponding security is accepted by Eurex and that sufficient free potential is available. If the security has not yet been defined, you may contact the Clearing Help-desk (Tel. +49 (0)69-2101-1250) to request its inclusion.

Application for the release of pledged collateral securities should be made via fax (+49 (0)69-2101-4334) to the Clearing Help-desk. The latest time for receipt of such faxes is 19.00 CET the day before the transfer out of the pledged securities account.

As an attachment, you will find an overview of the allowable Eurex collateral securities as of 15.06.99.

2. Editorial Changes to Section 2.2.1 of the Eurex Clearing Conditions

At their meeting on 26th May 1999 the board of Eurex Clearing AG agreed an editorial change, with immediate effect, to section 1.2.2 paragraph 3 of the Eurex Clearing Conditions, as follows:

1.2.2 Contractual Obligations

- **Paragraphs (1) and (2 unchanged**

(3) A Clearing member is, notwithstanding the provisions of the foregoing paragraphs (1) and (2), obligated to perform all obligations arising out of transactions which are transferred from another Exchange Participant to the Clearing Member by transfer to its Agent Position Accounts and Principal Position Accounts for further Clearing in the context of the Give-Up procedure pursuant to subsection 1.4.5, paragraph (7) of the Conditions for Trading.

If you have any question, please contact the Clearing Help-desk on Tel. +49-(0)69-2101-1250.

Yours sincerely,

Otto E. Nägeli

Karsten Sommer

Attachment

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	Criteria	Admissible proportion of free float of the issued capital	Collateral Value

EUR/DEM

Fixed Income Securities	Category 1 of the ESCB Issuer≠Clearer Exchange listing	25%	**Government Bonds**, Federal Government and State bonds Others	90% 75%
Equities	DAX, Euro Stoxx 50 Other stocks, as announced by Eurex Clearing AG Issuer≠Clearer	5%		50%

CHF

Fixed Income Securities	'Lombard eligible' (SNB) SEGA eligible Exchange listing Issuer≠Clearer	25%	**Federal Governement** - Loan obligations **Canton** - Loan obligations, Bonds with warrants **City and Municipality (including their issuing offices)** - Loan obligations Bonds with warrants **Banks** - Loan obligations Bonds with warrants, Convertible bonds, 'Kassascheine', Obligations of other Banks and Issuing houses, Mortgage bonds of the central Swiss Mortgage bond issuing authorities (Pfandbriefzentralen). Secondary Obligations of Banks and Issuing Houses **Obligations of other Swiss Lenders** - Bonds with warrants, Convertible bonds, 'Kassascheine'	90% 85% 80% 80% 70% 75%
Equities	SMI Issuer≠Clearer	5%		50%

USD

Fixed Income Securities	Treasury Bills, Treasury Bonds and Notes Exchange Listing	25%	85%

GBP

Fixed Income Securities	Treasury Bills, Gilts Exchange Listing	25%	85%