eurex *circular*

To: All Eurex Members
Date: Frankfurt/Main, September 22, 1998
Reference: Ch

1.) Amendment of No. 2.2.1.7, paragraph 6 of the Conditions for Trading on Eurex Deutschland.
2.) End of Suspension for the Listing of New Expiration Months for Equity Options Beyond the Longest Existing Expiry
3.) Listing of Additional Long-Term Equity Options
4.) Delisting of Options on MDAX® Shares: RWE Pref. and Volkswagen Pref.
5.) Thyssen/Krupp Merger

Circular No. 52/98

Ladies and Gentlemen,

This circular is to notify you of specific changes with respect to equity options traded at Eurex Deutschland.

1) The Exchange Council of Eurex Deutschland has approved the amendment of No. 2.2.1.7, paragraph 6 of the Conditions for Trading at Eurex Deutschland ("Changes to Strike Prices and Expiration Dates"), as resolved by the Exchange Management of Eurex Deutschland. The amendment of the Conditions for Trading will come into effect upon publication in *Börsen-Zeitung* on September 18, 1998. The amended wording of No. 2.2.1.7, paragraph 6 of the Conditions for Trading at Eurex Deutschland has been enclosed.

2) The suspension of new expiration months for equity options, as resolved in relation to the amendment of the Rules & Regulations by the Exchange Management and published in Circular No. 32/98, has thus been revoked. The expiry months concerned will be listed on September 21, 1998. Hence, two new expiry dates will be listed on September 21, 1998 due to the regular expiry date on September 18, 1998.

3) Moreover, as announced in Circular No. 06/98, the maturity range for further selected equity options on German blue chips will be extended to two years. For this purpose, as of September 21, 1998, additional expiries of 18 months and 24 months will also be listed for **Commerzbank, Bayer, Hoechst, Veba** and **Allianz**.

As for existing long-term equity options, the market making requirements for these equity options will be analogous to those of shorter expiry months. The quoting obligations for the new long-term series will match that of existing series. The strike price intervals have been doubled for these series.

4) A number of German equity options traded at Eurex show very low turnover and poor liquidity. This is particularly true for the 10 options on MDAX shares, RWE Pref. and Volkswagen Pref. Despite promotional measures to encourage product liquidity (such as Designated Market Making), there have not been any noteworthy improvements. Based on the recommendation by the Working Committee Trading (Equity/ Index Products), the Exchange Management of Eurex has decided to cease trading in these products on December 21, 1998, after the December 1998 expiry. Specifically, this will involve the following products:

Bilfinger & Berger (GBF)	Continental (CON)	Douglas (DOU)	Fresenius Vz. (FRE3)
Kloeckner-Werke (KLK)	Merk (MRK)	Metallgesellschaft (MET)	Holzmann (HOZ)
RWE Vz. (RWE3)	Volkswagen Vz. (VOW3)		

5) On September 11, 1998, Thyssen AG and Fried. Krupp AG published further information in an 'Ad-Hoc-Publication' regarding the forthcoming merger. According to this, the planned merger is to be carried out by the foundation of a new company called ThyssenKrupp AG. The exchange listing of the new ThyssenKrupp AG is planned for the beginning of March 1999, following the registration of the merger.

As the merger is scheduled for the beginning of March 1999 and there are already existing series for options on Thyssen AG shares expiring on March 19, 1999, the present provision of No. 2.2.1.7, paragraph 6 applies to options on Thyssen AG for the envisaged merger date. This provision excludes the conversion of options onto shares of the newly founded company. This is why the Exchange Management of Eurex have decided not to list any further expiry months for options on Thyssen AG shares beyond March 1999. A new equity options contract based on the new company, ThyssenKrupp AG, is scheduled to be listed after completion of the merger.

Please do not hesitate to contact our functional Help Desk Equities (+49-69/2101-1210) for any questions you may have.

Yours sincerely

Edward Backes Richard Heizmann

2.2 Subpart

Contract Specifications for Options Contracts

2.2.1 Sub-Subpart

Specifications for Options Contracts on Stocks (Stock Options)

2.2.1.7 Alterations of Strike Prices and Expiration Days

(6) If, in the cases required by law (e.g. merger, consolidation, conversion of classes of shares by means of an amendment to the articles of association, collectively a "Merger" *(Umwandlung)*), shareholders receive an offer to exchange their old shares for new shares or shares of another stock corporation, any options concerned which are due to expire after the discontinuation of trading in the old shares on a stock exchange (the "Reference Date") shall be adjusted as follows:

The options shall be adjusted on the trading day immediately following the Reference Date. The old shares shall be replaced by the same number of new shares issued due to the Merger, or of the other shares offered by the stock corporation. In all other cases in which the exchange ratio is not 1:1 or the holders of old shares are also offered a cash compensation, the strike prices and contract sizes shall also be adjusted in such a manner that the original contract value is maintained. When an option is exercised after the Reference Date, Eurex Deutschland shall provide a cash compensation for any fractional shares the new contract size may cover. The new underlying shall be delivered at the earliest from the day on which the stock corporation exchanged the old shares for new shares or shares of another stock corporation.

If, in the case of an exchange of shares as required by law, shareholders are offered a cash compensation, securities other than shares or other rights (collectively the "Other Rights") instead of new shares, the term of the options shall expire as soon as the old shares are no longer admitted to trading on a securities exchange (the "Reference Date"). The same shall apply if the Other Rights offered cannot be delivered through the central depositories or other deposition recognized by Eurex Frankfurt GmbH, or if derivatives on the Other Rights offered cannot be traded on Eurex Deutschland as a matter of law. If an option concerned is exercised on the Reference Date, the shares underlying the contract shall be replaced by the Other Rights. The Other Rights shall be delivered on the day on which they are transferred by the offering company. If this day is not a trading day, delivery shall be effected on the trading day immediately following the Reference Date. If the Other Rights offered cannot be delivered through the central depositories or other depositories *(Lieferstelle)* recognized by Eurex Frankfurt GmbH, or if derivatives on the Other Rights offered cannot be traded on Eurex Deutschland as a matter of law, Eurex Deutschland shall provide a proportional cash compensation.

The foregoing provisions shall apply mutatis mutandis in the case of Mergers undertaken pursuant to the applicable rules laid down in other legal systems, which are comparable to those cases requiring an exchange of shares by law in Germany. *

* The provisions of this paragraph (6) shall not apply to series of stock options which were admitted to trading before the current version of paragraph (6) came into effect on September 18, 1998. These stock options shall, until the expiration of their term, be subject to the previous version of paragraph (6) which reads as follows:

"Whenever a statutory period for a share exchange or cash compensation expires on or before the expiration day of an option, the term of any options on the shares in question shall expire no later than on the fifth trading day prior to the expiration of such statutory period, regardless of whether such statutory period is extended by operation of law as a result of the commencement of court proceedings. The same rules shall apply for voluntary exchange offers, cash compensation offers or tender offers

- that are not subject to any conditions or limitations as to the amount of shares to be acquired, and
- that designate at least one credit institution that is admitted to a German stock exchange as exchange or registration agent, as the case may be. The same rules shall apply for solicitations to submit such offers. The strike price shall remain unchanged in all of the above cases. "

Individual series of stock options which were admitted to trading after the current version of paragraph (6) came into effect on September 18, 1998, shall be subject to the current version of paragraph (6) from the following dates onwards:

- Stock options, group A
  (i.e. without compulsory Market Making): December 21, 1998
- Options on BAS, DAI, DBK, DTE, SIE, VOW: December 20, 1999
- All other stock options: March 22, 1999

Until the above dates, these series of stock options shall also be subject to the previous version of paragraph (6) as quoted above.

For new stock options which were admitted to trading after the new version of subsection 2.2.1.7 paragraph (6) on September 18, 1998 came into effect, the new version of subsection 2.2.1.7 paragraph (6) shall apply immediately.