eurexbonds circular 03/04

Recipients: Eurex Bonds Participants
Date: January 15, 2004
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Content may be most appropriate for System Administrators, Security Administrators, Trading Contacts and Back-Office Staff

Flexible measurement of Market Making performance in Eurex Bonds trading segments "Jumbos / German State Bonds" and "Agencies" (KfW and EIB).

According to member's proposal regarding the segments "Jumbo / German State Bonds" and "Agencies" (KFW and EIB) Eurex Bonds has already implemented a flexible choice of instruments to be quoted and many member took over a constant responsibility for their chosen instruments.
In consequence of that Eurex Bonds is going to change the performance measurement and reporting procedure starting on February 2, 2004 as follows:

- All quoting activities during a month will be measured and reported in the daily Market Making Report. Instruments with no activities will not be on the report.
- The minimum Market Making obligations are changed to 8 instruments for Jumbo / German State Bonds and to 5 instruments for Agencies (see "Eurexbonds_Circular 0104 – New Instrument Group Agencies").
- The daily performance is defined to be the average of the top 8 (5) instruments quoted; the monthly performance is computed as the average of the daily performance results. Fulfilment is achieved if the monthly performance 80% exceeds.
- Members who are already Market Makers in the two mentioned segments will get a report as usual and will additionally see all activities they have done, independent whether or not they have registered for specific instruments.
- Occasionally Eurex Bonds will contact the Market Makers in order to enhance the Market Making activities and discuss the current list of quoted instruments.
- Members, who are Market Participants so far, either overall or in those two segments, may ask for the performance report if they consider becoming a Market Maker. If they are

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Please note our new telecommunication numbers

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registered as such (informal request and confirmation letter) they will receive the report and will be assigned to this new flexible Market Making scheme.

- Technically spoken, the Market Makers will be assigned to all instruments but performance measurement and reporting will only take place when quoting activities did happen.
  It is possible to get the performance report if members explicitly ask for it.

The new parameters will become effective from February 2, 2004.

Should you have any further questions, please do not hesitate to call the Eurex Bonds Info line at +49 (0) 69 – 211 – 11222.

Kind regards,
Eurex Bonds

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