eurex*bonds* circular 15/04

Recipients: Eurex Bonds Participants and Vendors
Date: March 15, 2004
Authorized by: Werner Striegler

Content may be most appropriate for Management, Trading, Back-Office, and IT Staff

Introduction of Order book and Iceberg orders

Dear All,

Eurex Bonds plans to amend its market model by changing its quote book to an order book. The production launch is scheduled for **May 3rd**, **2004**. Simulation activities will start immediately.

A detailed description of the changes to the market model can be found in the attached Eurex Bonds Market model document. A summary of the most important changes are as follows:

- Single sided orders will be able to be entered into the Order book
- Limit orders will be able to be entered without execution conditions (i.e. the parameters IOC (immediate-or-cancel) and FOK (fill-or-kill) will be optional)
- Iceberg orders will be introduced
- Market orders will no longer be supported
- Stop orders will not be supported
- The following validation constraints for orders are to be introduced:
  - Good-for-day: Order only valid for the current exchange trading day
  - Good-till-date: Order only valid until a specified date (max. 90 days)
  - Good-till-cancelled: Order only valid until executed or deleted (max. 90 days)
- Quotes and iceberg orders will only be valid for the current trading day
- Orders and quotes will be able to be entered during pre-trading and continuous trading

Eurex Bonds GmbH
Neue Börsenstr. 1
D-60487 Frankfurt/Main
www.eurex-bonds.com

Mailing Address:
D-60485 Frankfurt/Main
T +49 (0)69-211-112 22
F +49 (0)69-211-170 03
eurex.bonds@deutsche-boerse.com

Managing Director:
Rudolf Ferscha
Christian Klapproth
Michael Roczinski

Gesellschaft mit beschränkter Haftung
mit Sitz in Frankfurt/Main
HRB Nr. 49370
Amtsgericht Frankfurt/Main
USt Id 04523253333

- Post-trading will allow the entry and maintenance of orders valid starting on the next business day

With the introduction of iceberg orders also two new trading parameters will be introduced: “Minimum Peak Quantity” and “Minimum Overall Quantity”. Please find attached the new trading parameters valid from May 2004.

Enclosed please find the Member Simulation scripts document which contains detailed information in regards to the Order book simulation. This document is to serve as a guideline for the simulation and supports all activities for optimum preparation of the planned launch on May 3rd, 2004.

Also, please find attached a version of the Member Front-end Development Guide containing bookmarks referring to iceberg orders.

No VALUES API change or software kit distribution is involved with the amendment to the Eurex Bonds Market model. However, it is recommended that all third party applications be tested in regards to their support of the new order book functionalities.

All Eurex Bonds participants are kindly asked to report their simulation activities and changes in the readiness status of their software applications including VALUES API based third party applications. Please return the attached fax reply by **April 23, 2004**.

Should you have any further questions, please do not hesitate to call the Eurex Bonds information line at +49 (0) 69 – 211 – 1 1222.

Kind regards,

Eurex Bonds

Attachments:

- Eurex Bonds Market model
- Eurex Bonds Trading parameters
- Member Simulation scripts
- Member Front-end Development Guide hinting to Iceberg Orders
- FAX reply Order book

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