eurex*bonds* circular 74/03

Recipients: Eurex Bonds Participants
Date: December 11, 2003
Authorized by: Ingo Deisenroth

Content may be most appropriate for System Administrators, Security Administrators, Trading Contacts and Back-Office Staff

Increase of Quotation size for Market Making and new Mistrade parameters

Dear All,

After approval by the Advisory Board Eurex Bonds increases the minimum quotation size in four Market Making segments as follows:

Segment	old	**new**
Benchmark	EUR 5 Mio	**EUR 10 Mio**
Liquids	EUR 5 Mio	**EUR 10 Mio**
Basis Instruments	EUR 10 Mio	**EUR 15 Mio**
Agencies (KfW and EIB)	EUR 5 Mio	**EUR 10 Mio**

The minimum quotation size for Jumbos will remain unchanged (EUR 5 Mio). The new parameters will become effective from January 01, 2004.

Furthermore Eurex Bonds introduces new mistrade rules.

A mistrade has to be declared by one of the parties involved and is generally defined by the spread of the price of a trade compared to the fair value (last price or indications by market members) of an instrument.

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Bitte beachten: neue Telekommunikationsnummern
Please note our new telecommunication numbers

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

The board of Eurex Bonds decides if a trade is declared as a mistrade and therefore will be reversed.

The scheme defining the price variation necessary to consider a trade as a potential mistrade is modified in the following manner:

Residual maturity	German Governm. Bonds		Sub-Sov.		Jumbo Mortg. Bonds		Basis Instr.		Treasury Discount Papers (Bubills)	
	current	***new***	current	***new***	current	***new***	current	***new***	current	***new***
< 1	0,20	***0,10***	0,20	***0,10***	0,20	***0,15***	n.a.	**n.a.**	10 basis points	***7 basis points***
= 1 - = 3,5	0,20	***0,10***	0,20	***0,10***	0,20	***0,15***	0,050	***0,050***	n.a.	**n.a.**
= 3,5 - = 6,5	0,30	***0,15***	0,30	***0,15***	0,30	***0,20***	0,070	***0,100***	n.a.	**n.a.**
= 6,5 - = 13,5	0,40	***0.20***	0,40	***0.20***	0,40	***0.30***	0,100	***0,150***	n.a.	**n.a.**
= 13,5 - = 35	0,60	***0.40***	0,60	***0.40***	0,60	***0.40***	n.a.	**n.a.**	n.a.	**n.a.**

The new parameters will become effective from January 01, 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

Enclosures: New Rules and Regulations (due to new mistrade parameters)

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