eurex*bonds* circular 59/03

Recipients: Eurex Bonds Participants
Date: October 2, 2003
Authorized by: Werner Striegler

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

Action of Member's Security Administrator/Supervisor required!

Production Launch of Yield Term Trading and new instrument group for Bubills (BILL)

Dear All,

As already announced via circulars 48/03 and 50/03 Eurex Bonds will introduce Treasury discount papers (Unverzinsliche Schatzanweisungen or "Bubills") issued by the German Finance Agency on its platform on **October 15**, 2003.

Please notice the set-up of a new Eurex Bonds instrument group with the following parameters:

InstrGrp	GrpName	InstrTyp
BILL	EB – German Treasury Bills	BON

The new instrument group is already set-up in simulation and production but is currently empty in production. The production start of the new instrument group is the October 15, 2003.

In order to ensure a smooth trading activity at the production start, we recommend assigning this instrument group to your trader groups **now** (subgroup assignment maintenance).

In this market the entry of yields is the common way to post an offer to the market. The mandatory software update and simulation activities have been announced via circulars 50, 54, and 56/03. The production kit is planned for October 10, 2003.

Bitte beachten: neue Telekommunikationsnummern
Please note our new telecommunication numbers

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In short the Eurex Bonds Yield term trading for Bubills consists of the following main features:

- Trading in Bubills will require that orders, quotes, and Pre-arranged trades have to be entered in yield (using price field) via VALUES interface and the Xetra J-Trader GUI.
- The minimum change in yields for Bubills shall be 0.001.
- The minimum tradable unit shall be € 10 million for trading and € 1 million for the Pre-arranged Trade facility or a multiple.
- The display of the inside market/ public order book will show the yields on the bid side in ascending order, i.e. lowest bid as best bid, whereas the yields on the ask side are displayed in descending order.
- It is possible to identify instruments traded in yields via VALUES API.
- For the calculation of the price for Bubills the “true money market“ yield calculation method is used
- Trade confirmations, and responses to trade inquiries, will include the price (five decimal places) and not the yield in the price and average price fields.
- The settlement period for Bubills is defined as trading day plus 2 business days (T+2).
- The last trading day of a Bubill on Eurex Bonds will be three business days before expiry (T-3).

For market making the following characteristics are applicable:

- The most recent four bonds are to be quoted
- Maximum bid-offer spread: four basis points
- Minimum quotation size: EUR 10 million
- New market making segment for Bubills

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Enclosed are the new “Terms and Conditions for Participation and Trading on Eurex Bonds” in German and English version valid from October 15, 2003. With the introduction of German Treasury discount paper (Bubills) § 8 was extended to display the changes. Furthermore some changes in the appendix and some editorial changes were incorporated.

Your commitment would be very much appreciated.

Should you have any further questions, please do not hesitate to call the Eurex Bonds Info line at +49 (0)69 2 11-1 12 22.

Kind regards,

Eurex Bonds

Enclosure:
Rules and Regulations as of October 15, 2003

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