eurex*bonds* circular 09/03

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

Introduction of non-deliverable Basis instruments for German Government Bonds

Dear All,

Eurex Bonds extends the product range for Basis instruments with the introduction of non-deliverable Basis instruments for German Government Bonds on March 4, 2003. Non-deliverable Basis instruments are all German Government Bonds that are not deliverable into the basket of the current front month contract of Eurex Bund-, Bobl or Schatz-Future.

The following parameters will be applied for non-deliverable Basis instruments:

- The new Basis instruments are integrated in the existing Basis trade segment with same round lot size, same minimum price movement of 0.001 and minimum tradable unit of 5 Million Euro (for Market Making minimum quote size of 10 Million Euro).
- Market Making obligations remain unchanged but with a maximum spread of 3 cents for all non-deliverable Basis instruments.
- The total number of Basis instruments (deliverables and non-deliverables) to be quoted by each Market Maker remains unchanged for the time being.
- Eurex Bonds defines the combination of a “non-deliverable” German Government Bond and a specific Eurex future contract for a Basis instrument.
- The conversion factors and hedge ratios are calculated according to market convention and will be published by Eurex Bonds in advance.

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- Eurex Bonds will select every three months the most interesting “non-deliverable” underlying / future contract combination on the basis of turnover analysis of Eurex BTF and member feedback.

- For March 2003 Eurex Bonds introduces 10 new non-deliverable Basis instruments. The number of non-deliverable Basis instruments may vary.

- The first trading day of a Basis instrument is two days before the last trading day of the current interest rate future contract on Eurex.

- The last trading day for a Basis instrument is the trading day before the last trading day of the corresponding future contract on Eurex.

Should you have any further questions, please do not hesitate to call the Eurex Bonds Info line at +49 (0) 69 – 2101 – 1222.

Kind regards,

Eurex Bonds

Enclosures:
New Rules & Regulations valid from March 1, 2003
list of new non-deliverable Bonds and according Future contracts selected for set-up in March 2003
Product Specification

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