

Eurex Bonds Pricing Model

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1 Introduction

The pricing model in its respectively valid version is – as provided in §5 (1) of the connection agreement - part of the connection agreement between Eurex Bonds GmbH and any Market Participant of Eurex Bonds. With respect to Release 3.0 of the Eurex Bonds Trading Regulations and the Articles of Association, the pricing model differentiates between Market Makers and Market Participants.

All fees according to this pricing model are net fees. Since value added taxes vary for different services and member locations, they are calculated individually for each service and each member location on Eurex Bonds invoices.

2 Pricing Model

The Eurex Bonds Pricing Model differentiates between four different kinds of fees: annual fee, transaction fees, line fees and training fees.

2.1 Annual Fee

Eurex Bonds charges an annual fee for providing the software, the releases and technical and functional support.

- All Eurex Bonds members are charged an annual fee of EUR 15,000.

The annual fee is billed once a year and is included on the January invoice for the current calendar year. Payment must be made within the timeframe stated on the invoice. In the first year of membership the annual fee is pro rated on a quarterly basis, to include the quarter in which successful connection to the Eurex Bonds trading system is first made (e.g. a participant successfully connected in November only has to pay 25% of the annual fee, for the fourth quarter of the respective year; a participant connected in March would pay the full annual fee).

2.2 Transaction Fees

Eurex Bonds offers three different transaction fee options (see table on page 5). The transaction fee options apply to all kinds of trades including order book trades as well as pre-arranged trades.

2.2.1 Fee Options

A. **A flat annual transaction fee.** This option is only available for Market Makers (see option A in the table on page 5). The flat annual transaction fee will be charged in advance with the January invoice and must be paid within the timeframe stated on the invoice. No additional transaction fees will be charged during the calendar year.

B. **A Floor payment combined with a variable transaction fee and a Cap.** This option is available to Market Makers as well as to Market Participants (see option B in the table on page 5). The Floor payment will be billed with the January invoice and must be paid within the timeframe stated on the invoice. As soon as the accumulated yearly variable transaction fees exceed the amount of the Floor payment the additional transaction fees will be invoiced on a monthly basis. However, the total amount of transaction fees invoiced will not exceed the Cap amount in any year. When the annual Cap amount has been reached no additional transaction fees will be charged during that year. The variable transaction fee is calculated on the basis of the nominal value of each cash bond trade and cash leg of a basis trade. Different transaction fees apply to Market Makers and Market Participants, as shown for option B in the table on page 5.

   Upon selecting a product segment, Market Makers shall receive an upfront fee reduction of the Floor of Euro 20.000 per product segment.

C. **A fully variable transaction fee.** The variable transaction fee is calculated on the basis of the nominal value of each cash bond trade and cash leg out of a basis trade. Based on this, Eurex Bonds charges a monthly variable transaction fee per traded million Euros. This option is available to Market Makers as well as Market Participants, and different transaction fee rates apply (see option C in the table on page 5).

2.2.2 Pricing Table

EUR p.a.	A	B		C	
	Market Maker	Market		Market	
		Maker	Participant	Maker	Participant
Transaction Fee (in Euro per traded million)	-	6	9	8	12
Floor	400,000	125.000 – 205.000*	225,000	-	-
Cap	400,000	500,000	500,000	-	-

*Reduction of Euro 20,000 per segment p.a.

In the year of joining, for options A and B, the fixed component of the transaction fees (flat fee or Floor) is pro rated on a quarterly basis, to include the quarter in which successful connection to the Eurex Bonds trading system is first made (e.g. a participant successfully connected in November only has to pay 25% of the fixed component of the fee, for the fourth quarter of the respective year; a participant connected in March would pay the full fixed amount).

In addition, Joint Venture Partners can only choose between transaction fee options A and B and the chosen option is valid until the end of 2003. However, a change from model B to A is possible for Joint Venture Partners in that period. Non–Joint Venture Partners have no restrictions in changing the transaction fee option on an annual basis. A change to a transaction fee option will take effect from the January 1 of the following year, if requested by mail or e-mail to Eurex Bonds no later than the December 15 of the current year.

Eurex Bonds transaction fees do not include any clearing and settlement fees. Furthermore, fees for futures leg execution of basis trades are charged separately by Eurex Clearing AG, according to the Eurex Clearing AG price list.

The integrated clearing functionality is an additional service by Deutsche Börse® Group and therefore, clearing fees are billed separately by Eurex Clearing AG.

Eurex Bonds transaction fees are charged to every trading member of Eurex Bonds directly, regardless of whether the member is a Eurex clearing member or not.

Eurex Bonds transaction fees are not linked to any Exchange Fees of the exchanges of Deutsche Börse Group (e.g. Xetra®) and cannot be offset against any such exchange fees.

2.3 Xetra® Connection Prices

Eurex Bonds members need access to the Xetra® network of Deutsche Börse Group. If an already existing Xetra® line is utilized to access the Eurex Bonds trading system, no additional line fees will be charged. Otherwise, Eurex Bonds charges connection prices that are differentiated according to the connection alternative selected.

Table 1: Connection prices for trading in the Eurex Bonds trading system

Connection component	Price	
Single 128 KB/s leased line	1,500	EUR/month/participant
128 KB/s internet connection*	750	EUR/month/participant
@Xetra workstation	1,000	EUR/month/workstation

* If an internet connection is selected, the participant instructs a provider of his own choice for internet access and bears the resulting costs.

The total monthly connection fee is calculated by summing up the single prices for the chosen connection components. For connection with one leased line, an additional back-up connection is required in all cases. The back-up connection must have the same bandwidth as the principal line. This provides four connection alternatives as basic technical infrastructure: *i)* usage of two leased lines, *ii*) one leased line and one internet connection, *iii)* an internet connection or *iv) an* @Xetra workstation.

Cancellation of connection components is possible with three months‘ notice, effective at the end of the month. A change in connection alternative or connection location is charged a one-off fee of EUR 3,000.-.

2.4 Training Fees

Participants in Eurex Bonds are offered a variety of different training possibilities:

- Functional training for traders
- Technical training for system administrators

Training fees are not included in this pricing model. Please contact Eurex Bonds at the address given below if you are interested. Eurex Bonds sponsors these training sessions.

2.5 Excessive System Usage

For excessive system usage the regulations specified in Eurex Bonds Circular 16/03 apply. Eurex Bonds reserves the right to adjust the indicated parameters based upon the actual market situation. In the event of a parameter change, market participants will be informed in due time by means of a Eurex Bonds circular.

3 Closing Remark

Eurex Bonds reserves the right to introduce changes or enhancements to this pricing model. Changes and enhancements will be announced in good time.

For questions and training rates, please contact:

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