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n e w s l e t t e r
N° 21 / May 2000 Zurich – Frankfurt/Main
eurex

Futures Based on the Dow Jones Euro STOXX 50℠ and the Dow Jones STOXX 50℠ Indexes – Now Available for Trading Directly from the U.S.

The CFTC issued a no-action letter to Eurex permitting the offer and sale of futures contracts on the Dow Jones Euro STOXX 50℠ (FESX) and the Dow Jones STOXX 50℠ (FTSX) indexes from screens located in the U.S. The approval of the contracts has come at a favorable time, with the advent of globalization in the financial markets. These futures contracts will now offer U.S. investors the opportunity to establish or hedge existing positions in the European and Euro zone equity markets.

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The Dow Jones Euro STOXX 50℠ Future is based on the well-established, benchmark Dow Jones Euro STOXX 50℠ Index. The Dow Jones Euro STOXX 50℠ Index is geared towards the Euro zone and comprises the top 50 blue chip stocks from 10 countries participating in the European Monetary Union (EMU). It is derived from the parent Dow Jones Euro STOXX℠ Index which contains a total of 326 securities.

The Dow Jones STOXX 50℠ Future is based on the broadly diversified Dow Jones STOXX 50℠ Index. The Dow Jones STOXX 50℠ Index is geared towards the pan-European markets, and comprises 50 of the largest and most liquid blue chips from 16 countries across Europe. Its parent, the Dow Jones STOXX℠ Index, comprises a total of 665 equities.

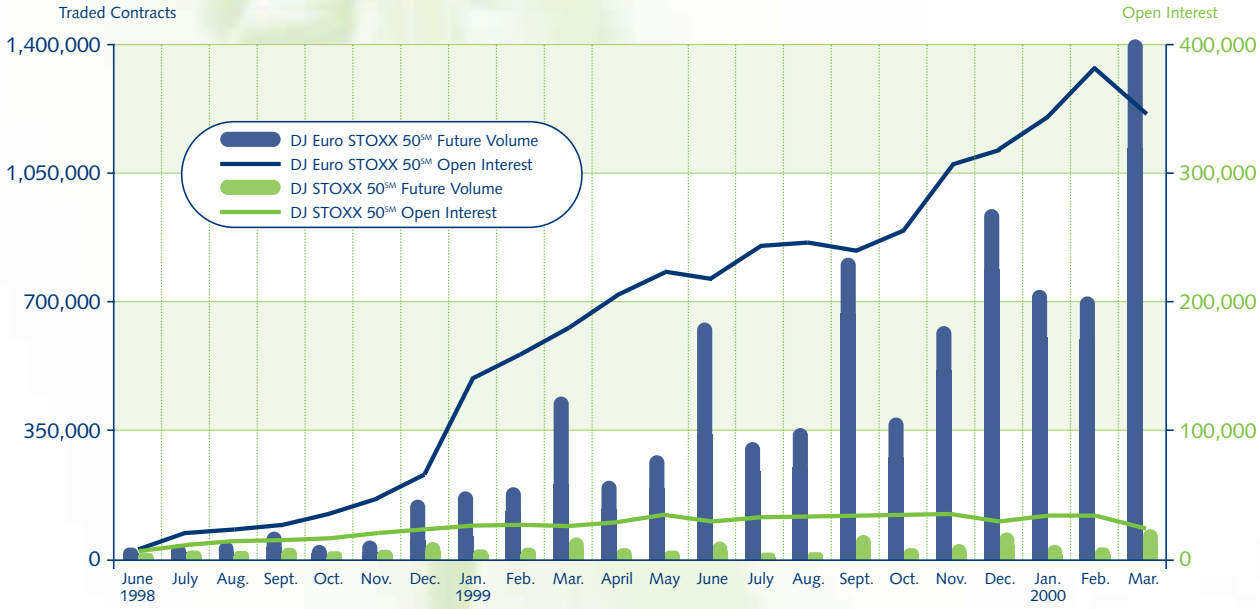
Since the launch of these contracts in June 1998, institutional as well as private investors have been trading them increasingly as they are based on the most highly capitalized and actively traded equities throughout the Euro zone and Europe. In March 2000, approximately 1.4 million Dow Jones Euro STOXX 50℠ Futures contracts were traded on Eurex, up by more than 200% from March 1999. At the same time, the volume for the Dow Jones STOXX 50℠ Futures also increased by 60% from the previous year and exceeded 57,000 contracts. Open Interest for these contracts has also been higher than expected. For the Dow Jones Euro STOXX 50℠ Future it was 336,356 contracts in March 2000, while for the Dow Jones STOXX 50℠ the Open Interest was 19,891 contracts.



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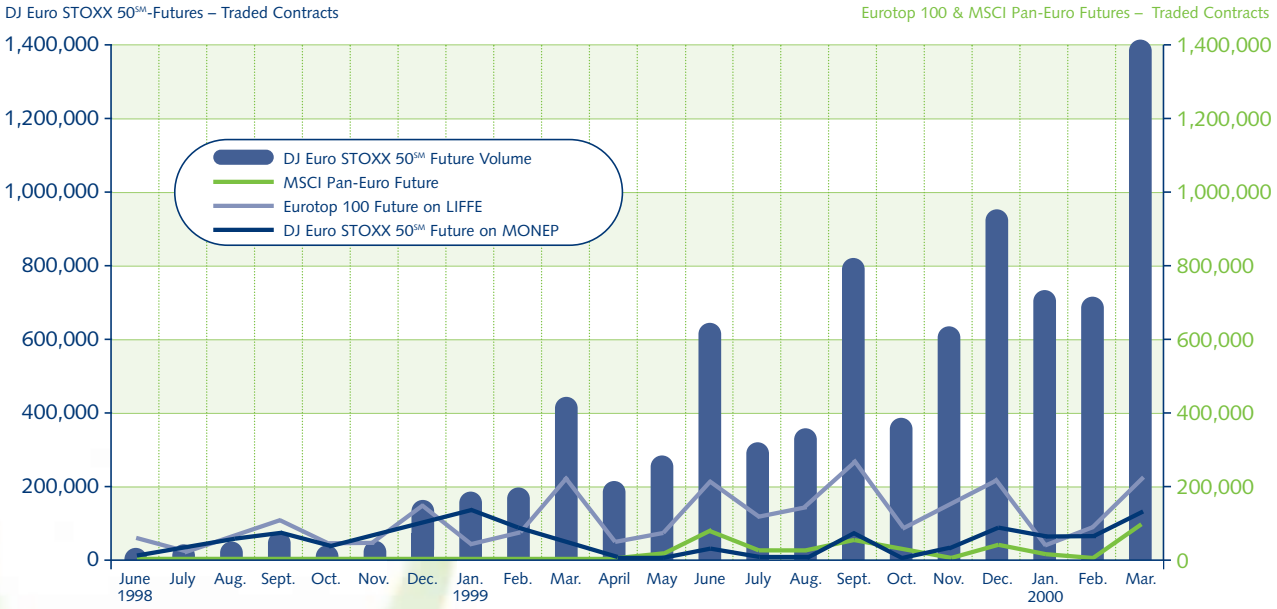
Eurex DJ Euro STOXX 50℠ and DJ STOXX 50℠ Futures – Traded Contracts and Open Interest
June 1998 – March 2000



Volume on Eurex for the Dow Jones Euro STOXX 50℠ Future and the Dow Jones STOXX 50℠ Future clearly exceed that of other Euro zone and pan-European equity products traded on other exchanges. In comparison to Eurex's 1999 total contract volume of 5.4 million for the Dow Jones Euro STOXX 50℠ Future, MONEP's annual volume for 1999 was 437,447 contracts. The total annual volume on LIFFE for the Eurotop 100 Future was 139,552 contracts and for the MSCI Pan-Euro Future 22,172 contracts.

For more information on index composition and monthly selection, please refer to the STOXX website at **www.stoxx.com**. For more detailed information on the products and their contract specifications, please refer to the Eurex website at **www.eurexchange.com**

Pan European Index Futures – Traded Contracts June 1998 – March 2000



Futures based on these blue-chip indexes are excellent tools for arbitrage and outright trading, while at the same time they form the basis for hedging and other risk management purposes.

As more and more investors have looked into these futures as a hedging tool, it has resulted in huge Open Interest and attractive bid-ask spreads – guaranteeing a high degree of competitiveness and enhanced liquidity.

Positive Reaction to the Announcement of Extended Trading Hours for DAX Option, DAX Future and all German Equity Options

Subject to regulatory approval, Eurex plans to extend trading hours for the DAX Option, DAX Future and all German Equity Options as of June 2. In a move that mirrors the industry-wide trend towards 24 hour access to the financial markets, Eurex will establish parallel trading in the derivatives and the underlying cash market. Trading on the aforementioned contracts will be extended to 8.00 p.m. CET.

The news of the planned extension of the trading hours has been generally well received by market participants who regard the move to be an essential step in serving the European retail market. Extended trading hours on the Xetra system will also take place on June 2, giving investors access to the component issues and underlying instruments of German equity options, also until 8.00 p.m.
In Europe positive feedback comes from brokers as retail investors now have access to the market after regular working hours to react to changes in the U.S. markets. Bodo Ahrend of Commerzbank has stated that the bank has allocated personnel and technical resources to handle the expected order flow. He expects interest from both institutional and private sectors.

Most participants welcome the extended hours as an opportunity to strengthen the interaction of European and U.S. markets. DE Trading Corporation's Paul Bottum sees the move as "a great opportunity considering the globalization of financial markets. This will provide a platform for money managers to use the FDAX as a portfolio hedge. An excellent idea."
U.S.-based Eurex traders will now be able to access the DAX Future until 2.00 p.m. EST. Larry Arnowitz, GNI Inc. observes that "the extension provides more opportunity to do arbitrage in U.S. markets – which is important for people in the U.S. As all markets continue to get closer to twenty-four hours trading, it's going to be an advantage to be able to trade the benchmark DAX Future for longer."

Complaints regarding the extended trading hours tend to focus around longer working hours for traders and technical support staff. Others wonder whether there will be enough liquidity in the 7.00 to 8.00 p.m. range to make the extension worthwhile.

New York 2000 **San Francisco 2000** Eurex Launches Option on T-Online **Dates in May and June**

New York 2000

Futures and OTC World (FOW) is hosting the 2nd Annual Derivatives Expo in New York City on May 16 through May 17.

Seminar topics will cover a wide spectrum of subject matter but will focus on the influence of electronic trading on derivatives markets. Andreas Preuß, member of the Management Board of Eurex and Management Committee of the CBoT/Eurex Alliance LLC, will participate in the keynote seminar "The Growth of Electronic Trading and its Impact on the Derivatives Markets". Rainer Riess, member of the Management Committee of the CBoT/Eurex Alliance LLC will speak in a seminar entitled "Equity Derivatives" focusing specifically on the extent of consolidation of markets due to electronic trading. Please come and see us at the Eurex booth (numbers 44 and 45)!

San Francisco 2000

Managed Account Reports (MAR) is hosting the Mid-Year Conference on Alternative Investment Strategies in San Francisco, CA, May 22–24, 2000.

The conference will focus on the latest news as well as prevailing trends in alternative investments. The seminar program will cover such topics as the newest investable hedge fund indexes, market neutrality, credit ratings and guarantees and notes. Eurex will be an exhibitor at this event (booth no. 8).

Eurex Launches Option on T-Online

Eurex further expands its product range in stock options: On April 25, Eurex launched an option on the T-Online shares, which have been traded in Deutsche Börse's Neuer Markt since April 17. With the addition of this new stock option and the existing options on Consors, EM.TV, Intershop and Mobilcom, Eurex now has five options on the most liquid Neuer Markt stocks to offer private and institutional investors.

Trading in stock options has increased considerably. About 22 million contracts changed hands during the first quarter of the current year, a 50 percent increase over the 14.7 million contracts traded during the first three months of 1999. Stock options made up about 20 percent of the total volume traded in March.

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Dates in May and June

May 15 and 16, 2000
Eurex/Handelsblatt –
Seminar for Retail Investors, Stuttgart

May 16–17, 2000
FOW's 2nd Derivatives & Risk Expo,
Marriott World Trade Center, New York

Juni 5 and 6, 2000
Eurex/Handelsblatt –
Seminar for Retail Investors, Munich

Member Training **Training & Education** Derivatives Market

	Course	May	June
Traders Examination	Colloquium for Eurex Traders Examination	17.05.2000 **P** 18.05.2000 **L** 19.05.2000 **L** 22.05.2000 **C** 23.05.2000 **C**	15.06.2000 **L** 16.06.2000 **L**
	Eurex Traders Examination	15.05.2000 **H** 22.05.2000 **P** 24.05.2000 **L** 25.05.2000 **L**	Wk. of June 05 **C** 12.06.2000 **N**
System Training	Eurex Technical Member Training		07.06.2000 **L**
	Eurex Functional Member Training	15.05.2000 **L** 17.05.2000 **C**	14.06.2000 **P**
	System Training for Eurex Clearing	16.05.2000 **L** 18.05.2000 **C**	15.06.2000 **P**
	Refresher Clearing Workshop	17.05.2000 **L** 19.05.2000 **C**	16.06.2000 **P**
	Clearer Test Evidence of Vocational Aptitude for Backoffice Staff	15.05.2000 **H** 23.05.2000 **C/L/P**	

C Chicago **H** Helsinki **L** London **N** New York **P** Paris

Since April 17, Xemac has been Available to Eurex Members for the Management of Their Collateral

Since March 1999, Xemac – the collateral management system developed by Clearstream Banking AG – has facilitated the provision and management of collateral for Bundesbank transactions such as LZB repos, intraday and overnight borrowing. The new Xemac release launched in April 2000 has expanded the system's scope to include the pledging of collective custody securities as collateral for positions held at Eurex.

Benefits of using Xemac:

Quick and user-friendly release and automatic intraday substitution of collateral

Xemac can be used to manage collateral on-screen, in real time. In the event of increased Eurex margin requirements, Xemac automatically pledges additional available collateral, while excess collateral (as a result of a reduction in requirements) is automatically released. The collateral released in this way is immediately available for other uses. Xemac helps Eurex members to reduce the utilization level of their collateral, and to increase efficiency in this way.

Participants have a choice of manual or automatic substitution. When using automatic substitution, all you need to do is specify the collateral you wish to release – Xemac will automatically select other securities available for substitution. As soon as Eurex has confirmed the substitution, the released securities are immediately available for other purposes.

Improved collateral handling across markets

The integrated Xemac collateral pool can be used to cover both positions held at Eurex and Bundesbank transactions. This integrated pool allows to pledge free end-of-day balances to Eurex, to be set off against margin requirements. Conversely, excess collateral is made available for other uses. In this way, the use of securities holdings can be optimized, which also reduces the need for cash funds.

Register for Xemac

Members wishing to benefit from Xemac will have to register with Clearstream Banking AG. Following this registration, a date for the automatic conversion will be agreed. As from this date, Eurex collateral will be managed exclusively using Xemac.

Please do not hesitate to contact us for any further questions you may have regarding Xemac:

Functional info line:
T +49 (0)69-5 09 55-14 10

Technical info line:
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www.eurexchange.com

Published by:
Eurex Communications

© Eurex, May 2000

Order number:
E6E-004-0500

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