newsletter

eurex

Eurex Newsletter N° 14/September 1999 Zurich – Frankfurt/Main

Smooth Start for Eurex Release 3.0

Biggest roll-out worldwide in the history of electronic trading

Pro-rata matching procedure enhances trading in money-market products

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On Monday, **August 23, 1999, Eurex** successfully introduced the **first step** in its **new Release 3.0**. This means that the third **Eurex** release has now also been launched right on schedule. After the last joint simulations with participants over the weekend, active trading on the newly installed software was operative on August 23 for the first time. About 370 participants from 16 countries implemented the new software roll-out together with **Eurex**.

Eurex Executive Board member Jürg Spillmann said: "The world's biggest roll-out in the history of **electronic trading** only went so smoothly because of the excellent cooperation between participants, vendors, Deutsche Börse Systems and **Eurex**."

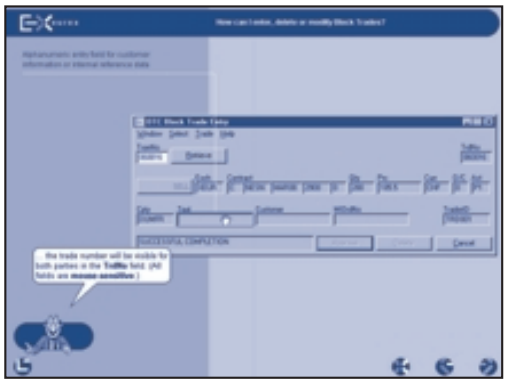
The latest version of the **Eurex system** is being introduced in several steps. In the **second step**, on September 6, the main change was a new software architecture with an open interface as well as a modern graphical user interface.

In a **third step**, on September 14, **Eurex** introduced a pro-rata matching algorithm for trading in its money market futures.
This allocation algorithm is based exclusively on price priority and will significantly increase the probability of execution for orders with a low time priority. Trading in Euribor products, which is characterized by lower intra-day volatility by comparison to other exchange-traded derivatives, will be optimized further due to efficient allocation.

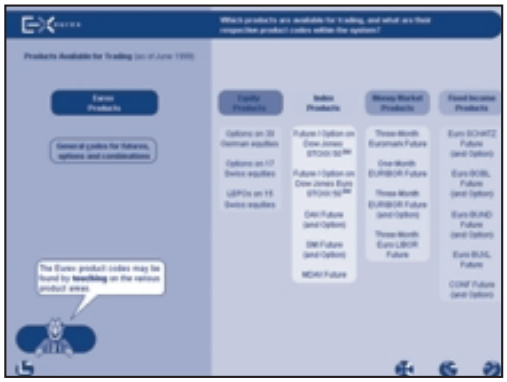
The pro-rata algorithm replaces the matching principle based on price/time priority that has been applicable to the One-Month and Three-Month Euribor Futures to date.

Free Computer-Based Training Program
for the new Eurex 3.0 trading system now available

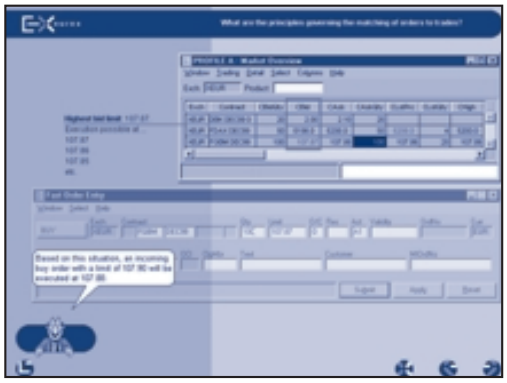
The new **Graphical User Interface (GUI)** has been available for trading since September 6, 1999, with the clearing functions to be added within the framework of Release 4.0 scheduled for next year. Eurex has been supporting its members through corresponding training measures for months to facilitate the change-over process. In this context, the first 'train-the-trainer' courses were initiated as early as May and June.



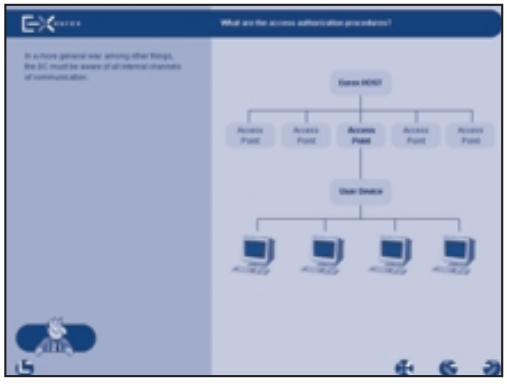
To coincide with the introduction of the new front end, a **computer-based training program (CBT)** entitled Trading System Eurex 3.0 is now available, providing a detailed description of all trading screens available under the new release and illustrating system entries.



Simulated trading situations are used to demonstrate the **advantages of the new trading system**, such as the **automatic update** of market information, orders, quotes and executed trades, fast **trading by mouse click, context menus** as well as **execution confirmations** including the respective quantity and price.



The CBT is available, free of charge, at the Eurex offices in Frankfurt, Zurich, London, Chicago and Paris.



Frankfurt Office
T +49 (0)69-21 01-57 41
F +49 (0)69-21 01-44 77
Zurich Office
T +41 (0)1 229 24 60
F +41 (0)1 229 24 56
London Office
T +44 (0)171 778-93 10
F +44 (0)171 778-93 21
Chicago Office
T +1-312-782-22 23
F +1-312-782-22 25
Paris Office
T +33 (0)1 55 27-67 68
F +33 (0)1 55 27-67 50

+++ Schedule and Preparation – Qualification Test for Backoffice Staff ("Clearer Test") +++

Schedule and Preparation - Qualification Test for Backoffice Staff ("Clearer Test")
As announced, a new admission requirement will be introduced as of October 1, 1999. In the future, Eurex requires that at least one qualified backoffice staff member is on site and permanently available during the exchange day. Qualification of backoffice staff is assumed if a Clearer Test conducted by the Eurex Clearing house has been passed.

Eurex Clearing AG has decided that in order to take part in the qualification test, evidence must be submitted in the form of:

- Confirmation of extensive practical experience in the backoffice of a Eurex trading member or Clearing member of Eurex Clearing AG,

or

- A certificate of participation in a Eurex Clearing training course.

When registering for the test, members will need to submit the corresponding evidence with their application.

The **System Training for Eurex Clearing** is planned for the following dates and locations:

Location	Language	No.	Date
Frankfurt	German	SSC0915	15.09.99
		SSC1013	13.10.99
		SSC1117	17.11.99
		SSC1209	09.12.99
Zurich	German	SSCZ0824	24.08.99
		SSCZ1005	05.10.99
		SSCZ2311	23.11.99
Chicago	English	SSCUS0816	16.08.99
		SSCUS0930	30.09.99
		SSCUS1202	02.12.99
Frankfurt	English	SSCE0923	23.09.99
		SSCE1015	15.10.99
		SSCE1125	25.11.99
London	English	SSCL0819	19.08.99
		SSCL0914	14.09.99
		SSCL1012	12.10.99
		SSCL1116	16.11.99
		SSCL1207	07.12.99
Paris	English	SSCP0901	01.09.99
		SSCP0929	29.09.99
		SSCP1020	20.10.99
		SSCP1126	26.11.99

In addition, we are providing a **Refresher Clearing Workshop**, which is always scheduled on the day prior to the **Clearer Test**. The next dates are as follows:

Refresher Clearing Workshop		**Clearer Test**	
Frankfurt/German			
No.	**Date**	**No.**	**Date**
SCA0927	27.09.99	CT0928	28.09.99
SCA1025	25.10.99	CT1026	26.10.99
SCA1129	29.11.99	CT1130	30.11.99
SCA1213	13.12.99	CT1214	14.12.99
Zurich/German			
No.	**Date**	**No.**	**Date**
SCAZ0902	02.09.99	CTZ0903	03.09.99
SCAZ1007	07.10.99	CTZ1008	08.10.99
SCAZ1104	04.11.99	CTZ1105	05.11.99
SCAZ1202	02.12.99	CTZ1203	03.12.99
SCAL0916	16.09.99	CTL0917	17.09.99
London/English			
No.	**Date**	**No.**	**Date**
SCAL1014	14.10.99	CTL1015	15.10.99
SCAL1118	18.11.99	CTL1119	19.11.99
SCAL1215	15.12.99	CTL1612	16.12.99
Paris/English			
No.	**Date**	**No.**	**Date**
SCAP1007	07.10.99	CTP1008*	08.10.99
SCAP1109*	09.11.99	CTP1110*	10.11.99
SCAP1209	09.12.99	CTP1210*	10.12.99

* With French translation assistance

In the Clearing Refresher Workshop, contrary to the information given in the Training Brochure and on the internet, there will be no treatment of the legal framework or organization questions. The principal subjects covered will be Central Clearing functions, system functions, and product and market knowledge.

Workshops in Frankfurt and Zurich will begin at 09.30 CET and end at 13.30 CET. In London and Paris they will begin at 14.00 CET and end at 18.00 CET.

Fees:

- **System Training for Eurex Clearing:**
  per participant/
  EUR 425 excluding VAT
- **Refresher Clearing Workshop:**
  per participant/
  EUR 200 excluding VAT
- **Clearer Test:**
  per participant/
  EUR 200 excluding VAT

Preparation Material:
The following documentation will be forwarded automatically on receipt of the application for the test:

- „Eurex Information" – containing the Rules and Regulations on CD-ROM
- The Risk Based Margining Brochure
- Handout from the Refresher Clearing Workshop

Every exchange member should already have the following preparation documents available:

- Clearing System Description – Functional Manual Release 3.0
- Trading System Description – Functional Manual Release 3.0
- Eurex User Manuals which are included in The General System Overview – Release 3.0 – Information

You can find the manuals in the "Info for Members" section of our Website: www.eurexchange.com.

If you have any questions relating to the organization of the training, please contact Member Training:
T +49 (0)69-21 01-37 67
For functional questions, our Clearing helpdesk will be pleased to assist you:
T +49 (0)69-21 01-12 50

+++ Options Seminar in London to be held by Sheldon Natenberg: September, 13 – 16 and November, 15 – 18, 1999 +++

We are pleased to announce two options seminars with Sheldon Natenberg, to be held in London from the **13th to 16th September** and **15th to 18th November**, respectively. In 1982 Sheldon Natenberg started his career as a market-maker for equity options at the Chicago Board Options Exchange. In his capacity as an independent floor trader, he has been trading commodity options at the Chicago Board of Trade since 1985. His seminars and books bear the hallmark of his great trading experience and have turned him into quite an authority in the field of options training. Today Mr. Natenberg's books are regarded as the benchmark for option traders. For instance, "Advanced Trading Strategies and Techniques" addresses numerous issues facing professional traders, with the emphasis on the practical aspects of option pricing and risk management. We are especially proud of being able to present Sheldon Natenberg to you. Take advantage of this opportunity and get registered before it is too late!



For information and registration please contact Member Training:
T +49 (0)69-21 01-37 67
More information is available on the internet at:
www.eurexchange.com/marketplace/welcome

Member Training

Date: September 9, 1999

Training and Education Derivatives Market

Course		September	Places available	October	Places available
Traders Examination	Colloquium for	27.09.99 **C**	4	07.10.99 **L**	booked
	Eurex Traders Examination	28.09.99 **C**	3	08.10.99 **L**	10
				22.10.99 **P**	3
				25.10.99 **C**	5
				26.10.99 **C**	5
				29.10.99 **H**	10
	Eurex Traders Examination	20.09.99 **H**	5	Week Oct. 04 **C**	4
				04.10.99 **P**	3
				14.10.99 **L**	8
				15.10.99 **L**	6
				18.10.99 **H**	6
System Training	Eurex Functional	22.09.99 **F**	2	14.10.99 **F**	6
	Member Training	28.09.99 **C/P**	3/booked	19.10.99 **P**	2
		29.09.99 **C**	3	27.10.99 **C/P**	5/4
	System Training for	23.09.99 **F**	2	15.10.99 **F**	5
	Eurex Clearing	29.09.99 **P**	booked	20.10.99 **P**	3
		30.09.99 **C**	4	28.10.99 **L**	4
	Refresher			01.10.99 **C**	4
	Clearing Workshop			07.10.99 **P**	3
				20.10.99 **L**	12
	Clearer Test	21.09.99 **H**	6	02.10.99 **C**	3
		23.09.99 **L**	2	08.10.99 **P**	10
				19.10.99 **H**	6
				21.10.99 **L**	20
	System Training for			22.10.99 **L**	9
	Eurex Security				

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

+++ Extension of the Basis Trading Facility +++ Introduction of Trade Reversal Function with Eurex 3.0 +++ Dates in September and October +++

Extension of the Basis Trading Facility
On April 15,1999 the Eurex executive board made the decision to extend the Basis Trading facility with the introduction of Eurex Release 3.0 for all German Interest Rate Futures. Until now, only cash transactions in German government debt securities deliverable in the corresponding futures contracts could be components of a Basis Trade. In the future, German government bonds may also be part of a Basis Trade when their remaining term no longer allows them to be delivered in the corresponding futures contract, e.g. those with a remaining term of 7 years. This will allow all authorized Basis Trading facility members greater flexibility in the conduct of their trading activities.

From August 23, 1999 with Eurex Release 3.0, the Eurex Basis Trading facility was extended, and cash transactions in German government bonds with the following remaining terms will also be allowed as components of a Eurex Basis Trade:

> 10,5 < 20,5 Years
against FGBL and FGBX
> 5,0 < 8,5 Years
against FGBL and FGBM
> 2,25 < 3,5 Years
against FGBM and FGBS
≥ 1,0 ≤ 2,25 Years
only against FGBS

Thus, in the future, a Basis Trade can include cash transactions on all German government bonds which are contained in a basket of bonds deliverable against the German Interest Rate Futures listed on Eurex, or which were previously contained in such a basket, and which have a remaining term of between 1 year and 30.5 years. Bonds and Interest Rate Future must be denominated in the same currency.

If you have any questions, please contact Nadja Urban:
T +49 (0)69-21 01-51 05

Introduction of Trade Reversal Function with Eurex 3.0
A new Trade Reversal facility introduced with Release 3.0 optimizes the procedure for management of Mistrades. The principal changes are described below.

With the new procedure the market and statistical data that was affected by the input error will be corrected automatically by transmission of a new data set.

Market data:
- Day high/day low (if necessary)
- Daily volume
- Last traded volume (if necessary)
- Last traded price (if necessary)
- Opening price (if necessary)

Statistical data:
- Daily volume per product
- Daily volume per contract
- Open interest

- The Mistrade and the counter transaction will no longer be displayed on the Online Time and Sales screen (C080). Both transactions will be transmitted to the parties affected by the Mistrade via BOF messages and will be identified in the Position Detail Inquiry (F020). The text "STORNO" will be displayed in the text field of the counter transaction together with the transaction number of the Mistrade.

- The counter transaction will be generated with negative fee charges equal to the trading costs arising from the Mistrade. Fee reimbursements for Mistrade trading fees and counter transactions will therefore no longer be required.

- The Mistrade fees applied to the party causing the Mistrade will no longer be charged to Fee Code 200 (Others) but to Fee Code 102 (Transaction Adjustment).

Give-up trades which have already been taken up by the counterparty, as well as trades modified by "Open/Close Adjustment", "Account Transfer" and "Trade Separation" will not be affected by the procedure described above. These will be unwound following the previous procedures.

If you have any questions, our functional helpdesks will be pleased to assist you:
Equity products
T +49 (0)69-21 01-12 10
Index products
T +49 (0)69-21 01-12 20
Interest rate products
T +49 (0)69-21 01-12 40

Dates in September and October

16.–17. September
FOW, 9th Exhibition & Conference, Singapore

06.–07. October
Handelsblattkonferenz, Arabella Sheraton Grand Hotel, Frankfurt/Main, Germany

19.–20. October
FOW Nordic Conference, Hotel Radisson SAS Plaza, Oslo, Norway

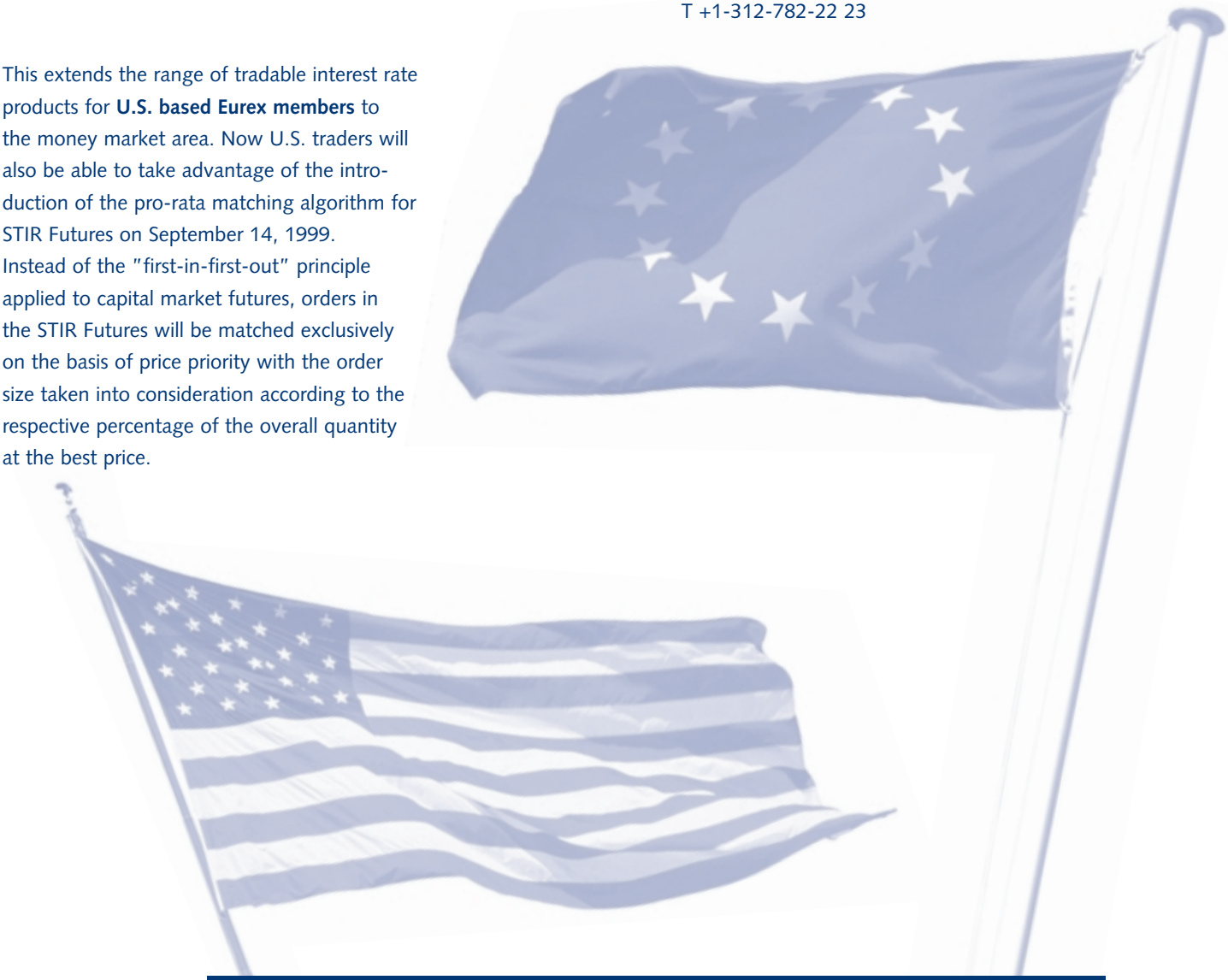
Product range extended for U.S. members –
Euribor contracts approved for trading

The Euribor contracts are now available for trading directly from the U.S. With the CFTC "no-action" relief for placement of further trading terminals in the U.S. Eurex members located in the U.S. were also granted access to the Three-Month Euribor Futures as well as the option on the Three-Month Euribor Future via Eurex screens located in their offices.

In addition to the **Euribor contracts**, the CFTC approval also refers to the Swiss Government Bond Future (CONF) and the option on the Swiss Government Bond Future.
The range of **tradable products from the U.S.** now comprises futures and options on the Euro Buxl, Euro Bund, Euro Bobl, Euro Schatz, CONF and Euribor as well as the DAX® Future.

For further information, please contact the Chicago office :
T +1-312-782-22 23

This extends the range of tradable interest rate products for **U.S. based Eurex members** to the money market area. Now U.S. traders will also be able to take advantage of the introduction of the pro-rata matching algorithm for STIR Futures on September 14, 1999.
Instead of the "first-in-first-out" principle applied to capital market futures, orders in the STIR Futures will be matched exclusively on the basis of price priority with the order size taken into consideration according to the respective percentage of the overall quantity at the best price.



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Eurex Zürich AG
Selnaustrasse 30
CH-8021 Zürich

Eurex Frankfurt AG
Börsenplatz 7–11
D-60313 Frankfurt/Main

www.eurexchange.com

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