newsletter

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Eurex Newsletter N° 12/July 1999 Zurich – Frankfurt/Main

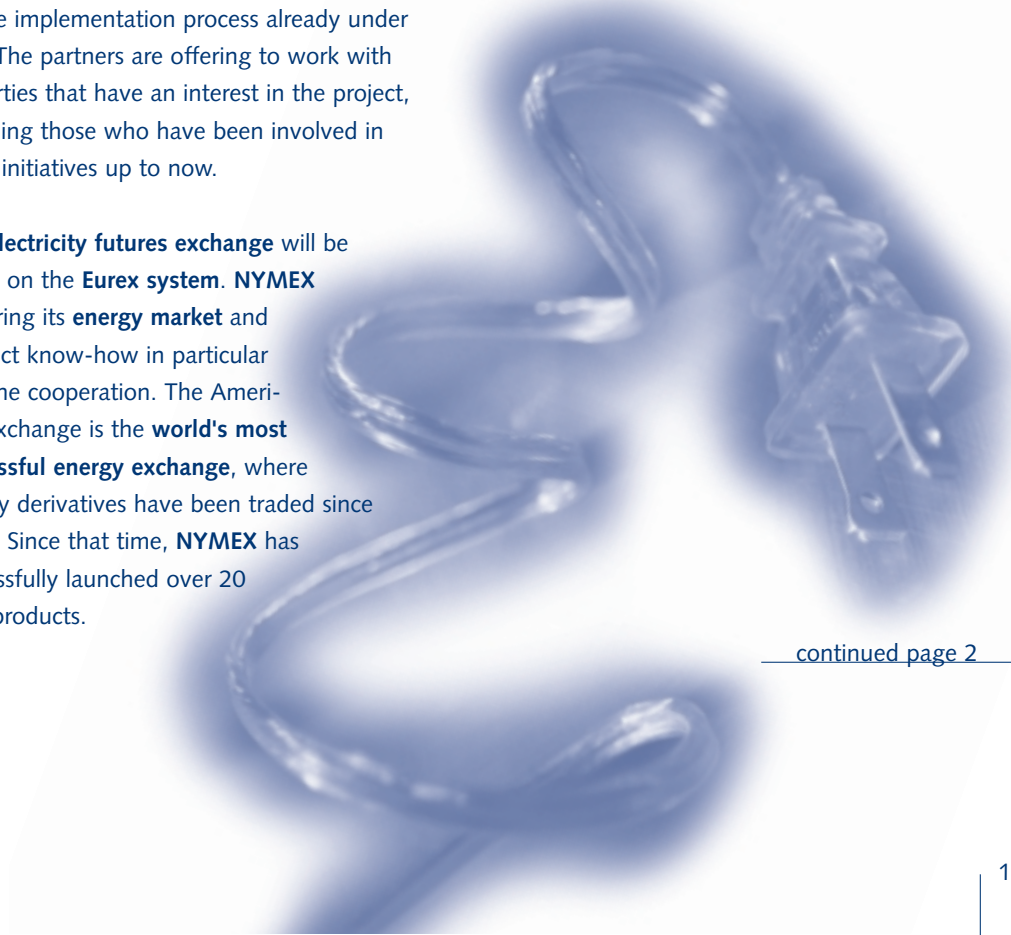
Deutsche Börse establishes Energy Exchange in Partnership with Eurex and NYMEX

On June 10, 1999 the German energy sector made their decision to establish an energy exchange in Germany. The representatives of the energy sector had come out in favor of having the German Energy Exchange initiative supported by Deutsche Börse, Eurex and NYMEX develop and set up this new exchange.

Deutsche Börse and its partners will now step up the implementation process already under way. The partners are offering to work with all parties that have an interest in the project, including those who have been involved in other initiatives up to now.

The **electricity futures exchange** will be based on the **Eurex system**. **NYMEX** will bring its **energy market** and product know-how in particular into the cooperation. The American exchange is the **world's most successful energy exchange**, where energy derivatives have been traded since 1978. Since that time, **NYMEX** has successfully launched over 20 new products.

Deutsche Börse, Eurex and **NYMEX** will be working closely with the energy sector to set up the **energy exchange**. The plan calls for the **energy sector** to operate the **new exchange**. Already since the beginning of March, a task force with representatives of the **energy sector** and **electricity consumers (RWE Energie, Preussen Elektra, Bayernwerk, EnBW, Enron, MVV, GEW, Degussa-Hüls and VAW Aluminium)** as well as the exchanges have been working on defining the products. The **electricity futures exchange** will be based on the Eurex system.



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The Swiss utilities will also be supporting the project. **Atel** (Aare-Tessin AG for electricity, Olten); **BKW** (BKW FMB Energie AG, Bern), **CKW** (Centralschweizerische Kraftwerke AG, Lucerne); **EGL** (Elektrizitäts-Gesellschaft Laufenburg AG, Laufenburg); **EOS** (Energie Ouest Suisse, Lausanne); and **NOK** (Nordostschweizerische Kraftwerke, Baden) welcome the initiative and want to work in the project group, which is currently in the process of defining the products. This means that the exchange, which is to begin trading in the year 2000, could be launched as a **European energy exchange** based in Frankfurt.

Deutsche Börse and **Eurex** have now also changed the project organization and moved the project over to **Eurex**.
The project team has been joined by **Hans E. Schweickardt**, who will be managing the project with **Christian Geyer**. The 54-year old Schweickardt comes from the Swiss utilities company Atel, where as an executive board member he was respon-sible for the **energy sector**. Eurex deputy CEO **Otto E. Nägeli** will head the Project Steering Committee.

Extension to the Post-Trading-Phase

Following a decision of the Eurex Executive Board together with the Eurex Working Group – Clearing, the Post-trading-Phase will be extended until 20.00 CET during the last 10 trading days before expiration of Capital Market products.

The decision has been based on the experience of the trial conducted for the March 1999 expiry (see April Xpand) and on the feedback obtained from the related questionnaires returned by members.

This measure offers **Eurex market participants** far-reaching opportunities for flexible processing of transactions in the post-trading phase. It also gives the **Eurex participants** a span of time that can be used for position transfers, so-called give-up and take-up trades, trade transfers and trade splitting. This makes it possible to further enhance flexibility in same-day transaction processing. This does not mean that the participants will have to do without the possibility for historical transactions through the **Eurex** system in the future. The longer **Post-Trading-Period** also takes the higher transaction volume in clearing into account.

The extension will end on the last trading day so that the **Post-Trading-Phase** on the following trading day will end at 19.30 CET again. For the September 1999 expiry the regulation will be applied from August 25, 1999 until September 8, 1999 and for the December 1999 expiry from November 25, 1999 until December 8, 1999.

The extended **Post-Trading-Period** applies to all products, and all subsequent times will be shifted correspondingly by 30 minutes.

If you have any questions, our Clearing Helpdesk will be pleased to assist you:
T +49 (0)69-21 01-12 50



Overview second half-year 1999

Training & Education *Derivatives Market*

You will find detailed information in the new Training & Education Brochure which may be ordered under the following number:
Member Training T +49 (0)69-21 01-37 67, F +49 (0)69-21 01-37 63

	Course	July	August	September	October	November	December
Traders Examination	Colloquium for Eurex Traders Examination	06.07.99 **C**	23.08.99 **C**	01.09.99 **L**	07.10.99 **L**	01.11.99 **L**	02.12.99 **L**
		07.07.99 **C**	24.08.99 **C**	03.09.99 **H**	08.10.99 **L**	02.11.99 **L**	03.12.99 **L**
		26.07.99 **C**	27.08.99 **P**	27.09.99 **C**	22.10.99 **P**	15.11.99 **H**	
		27.07.99 **C**	31.08.99 **L**	28.09.99 **C**	25.10.99 **C**	29.11.99 **C**	
		29.07.99 **L**			26.10.99 **C**	30.11.99 **C/P**	
		30.07.99 **L**			29.10.99 **H**		
	Eurex Traders Examination	Week of July 12 **C**	Week of Aug. 02 **C**	06.09.99 **P**	Week of Oct. 04 **C**	Week of Nov. 01 **C**	Week of Dec. 06 **C**
		20.07.99 **H**	02.08.99 **P**	09.09.99 **L**	04.10.99 **P**	02.11.99 **P**	06.12.99 **P**
			10.08.99 **H**	10.09.99 **L**	14.10.99 **L**	11.11.99 **L**	09.12.99 **L**
			12.08.99 **L**	20.09.99 **H**	15.10.99 **L**	12.11.99 **L**	10.12.99 **L**
			13.08.99 **L**		18.10.99 **H**	22.11.99 **H**	
			Week of Aug. 30 **C**				
System Training	Eurex Functional Member Training	08.07.99 **C**	09.08.99 **F**	13.09.99 **L**	11.10.99 **L**	15.11.99 **L**	01.12.99 **C**
		27.07.99 **C/P**	15.08.99 **C**	22.09.99 **F**	14.10.99 **F**	24.11.99 **F**	06.12.99 **L**
		28.07.99 **C**	17.08.99 **L**	28.09.99 **C/P**	19.10.99 **P**	25.11.99 **P**	
			18.08.99 **L**	29.09.99 **C**	27.10.99 **C**	30.11.99 **C**	
			31.08.99 **P**				
	System Training for Eurex Clearing	09.07.99 **C**	10.08.99 **F**	01.09.99 **P**	12.10.99 **L**	16.11.99 **L**	02.12.99 **C**
		28.07.99 **P**	16.08.99 **C**	14.09.99 **L**	15.10.99 **F**	25.11.99 **F**	07.12.99 **L**
			19.08.99 **L**	23.09.99 **F**	20.10.99 **P**	26.11.99 **P**	
				29.09.99 **P**			
				30.09.99 **C**			
	Refresher Clearing Workshop		16.08.99 **P**	09.09.99 **P**	01.10.99 **C**	09.11.99 **P**	03.12.99 **C**
			17.08.99 C	16.09.99 **L**	07.10.99 **P**	18.11.99 **L**	09.12.99 **P**
			25.08.99 **L**		14.10.99 **L**		15.12.99 **L**
	Clearer Test –		06.08.99 **L**	10.09.99 **P**	02.10.99 **C**	10.11.99 **P**	04.12.99 **C**
	Evidence of Vocational Aptitude for Backoffice-Staff		17.08.99 **P**	17.09.99 **L**	08.10.99 **P**	19.11.99 **L**	10.12.99 **P**
			18.08.99 **C**	21.09.99 **H**	15.10.99 **L**	23.11.99 **H**	16.12.99 **L**
					19.10.99 **H**		
	System Training for Eurex Security		10.08.99 **P**		22.10.99 **L**	08.11.99 **P**	17.12.99 **L**
			20.08.99 **L**				
Option Training	Product Training			13.–16.09.99 **L**		15.–18.11.99 **L**	

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

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+++ Restructuring and Extension of Admissible Eurex Collateral +++ New Training Brochure Available +++ Editorial Changes to Section 2.2.1 of the Eurex Clearing Conditions +++ VALUES API Updates +++ CBOT Members vote "yes" +++

Restructuring and Extension of Admissible Eurex Collateral

On May 26, 1999, the Eurex Clearing Executive Board, in consultation with the Eurex Working Group – Clearing, agreed the restructuring and extension of admissible Eurex collateral.
With effect from June 15,1999 the following extensions and harmonisation measures will be in effect:

Collateral in Fixed Income Securities (DEM, EUR):

- The criteria "eligible as Lombard collateral", "trustee securities" and "eligible as cover funds", will be replaced by the „Category 1" designation of the European System of Central Banks (ESCB), through which additional European securities denominated in EUR will be accepted.

Collateral in Fixed Income Securities (CHF, GBP, USD):

- For harmonisation, 25% of the free float of the issued capital of all bonds will be accepted.
- For extension of the admissible Eurex collateral, US and UK government bonds will be accepted, valued at 85% of their market price.

Collateral in Equities (EUR, CHF):

- In addition to the DAX® and SMI® equities, the component stocks in the Euro STOXX 50℠ will be accepted as collateral. In future, other stocks to be announced by Eurex Clearing AG will be accepted. All equities are valued for collateral at 50% of their market price.
- For general harmonization, the admissible limit is 5% of the free float of each security.

For all securities an exchange listing is a prerequisite. Deliveries where the issuer and the clearer are the same are forbidden.

A prerequisite for delivery of European, US and UK securities by German clearing members is the opening of an OLGA pledged securities account in favor of Eurex at DBC. (For Swiss clearing members, their SEGA account will be used). The application for the account should be sent to the following address:

Mr. Thomas Laber
T +49 (0)69-21 01-59 64

Deutsche Börse Clearing AG
Clearing Settlement Domestic
Börsenplatz 7-11
D-60313 Frankfurt am Main
Germany

The delivery procedure is identical to that for German and Swiss securities, which requires access to screen K051 on the Eurex system to check that the corresponding security is accepted by Eurex and that sufficient free potential is available. If the security has not yet been defined, you may contact the Clearing Helpdesk to request its inclusion.

Application for the release of pledged collateral securities should be made via the Clearing Helpdesk:
F +49 (0)69-21 01-43 34

The latest time for receipt of such faxes is 19.00 CET the day before the transfer out of the pledged securities account.

VALUES API Updates

The Open VMS VALUES API Developer's Kit and a number of the documents relating to VALUES API have recently been updated and published on the Eurex website www.eurexchange.com. The new files can be found at the location: Entrance Hall/Access to Eurex/Technical Infrastructure/VALUES API Developer's Kit

Editorial Changes to Section 2.2.1 of the Eurex Clearing Conditions

At their meeting on May 26, 1999, the board of Eurex Clearing AG agreed an editorial change, with immediate effect, to section 1.2.2 paragraph (3) of the Eurex Clearing Conditions, as follows:

1.2.2 Contractual Obligations
– Paragraphs (1) and (2) unchanged –
Paragraph (3): A Clearing member is, notwithstanding the provisions of the foregoing paragraphs (1) and (2), obligated to perform all obligations arising out of transactions which are transferred from another Exchange Participant to the Clearing Member by transfer to its Agent Position Accounts and Principal Position Accounts for further Clearing in the context of the Give-Up procedure pursuant to subsection 1.4.5, paragraph (7) of the Conditions for Trading.

If you have any question, please contact the Clearing Helpdesk:
T +49 (0)69-21 01-12 50

New Training Brochure Available

The new Eurex training brochure for the 2nd half of 1999 will be available as of the beginning of July.

To order your copy please ordered under the following number:
Member Training
T +49 (0)69-21 01-37 67
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CBOT Members vote "yes"

On June 24, 1999, Chicago Board of Trade members voted 750-126 in favor of a broad alliance with Eurex. CBOT products will be available for trading on the Eurex system by mid-2000.

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