X-pand into the Future

e u r e x *circular 054/07*

Date: Frankfurt, March 23, 2007
Recipients: All Eurex Members and Vendors
Authorized by: Peter Reitz

U **Action required** U **High priority**

Russian Derivatives Contracts:

1. Market-Making in Stock Options on Russian Depository Receipts
2. Designated Market-Making in Futures on the RDXxt® USD Index
3. Margin Parameters
4. Additional Stock Options in Simulation

Related Eurex Circulars: 024/07, 039/07

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Content may be most important for:	**Attachments:**
Ü All departments	1. Designated Market Maker Scheme for RDXxt® USD Index Futures 2. Application Form – Designated Market-Making On the Eurex website only: 2. Market Maker Obligations at Eurex 3. Registration of Market Maker Licenses at Eurex

Summary:

To encourage trading activities in stock options on Russian Depository Receipts and futures on the RDXxt® USD Index the Management Boards of the Eurex Exchanges took the following decisions in their session on February 22, 2007:

1. To introduce Advanced Market-Making, Permanent Market-Making and Regular Market-Making in stock options on Russian Depository Receipts
2. To introduce Designated Market-Making in futures on the RDXxt® USD Index
3. Revenue sharing will be offered for both product groups to the most active Market Makers for the period from August 1, 2007 to June 30, 2008.

Besides, two more Russian stock options have been made available for simulation as of March 20, 2007. These are American options, different to the stock options to be introduced in production at a later date. This will permit participants to test exercises in these products (see Eurex circular 024/07).

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1. Market-Making in Stock Options on Russian Depository Receipts

Along with the introduction of stock options on Russian Depository Receipts on April 23, 2007, Eurex will offer three different Market-Making schemes:

1. Advanced Market-Making
   Continuous quotation of all stock options in compliance with maximum spreads and the fixed minimum amount of contracts during a determined length of time
2. Permanent Market-Making
   Continuous quotation of selected stock options in compliance with maximum spreads and the fixed minimum amount of contracts during a determined length of time
3. Regular Market-Making
   Response to minimum amount of quote requests within a specified time limit and entering bid and ask prices in compliance with maximum spreads and the fixed minimum amount of contracts during a specified length of time.

For details and exact parameters of the Market-Making schemes please see attachment 3.

Upon compliance with requirements, Market Makers will receive a rebate on trading and clearing fees depending on the Market-Making scheme. Advanced Market Makers, for example, will receive a 90 percent rebate on regular trading and clearing fees. When minimum requirements have been observed, the fee per contract will amount to USD 0.03.

Besides, Eurex will grant to the five most active Market Makers in stock options on Russian Depository Receipts revenue sharing in 40 percent of trading and clearing proceeds from these products. Revenue sharing will take place between August 1, 2007 and June 30, 2008.

Eurex will evaluate on a monthly basis which Market Makers (AMM, PMM or RMM) have complied with the general requirements pursuant to “Market Maker Obligations at Eurex” in the respective minimum amount to be quoted by AMM in stock options on Russian Depository Receipts, which presently is four. The minimum amount might be increased, if further stock options are admitted to trading at Eurex. On the basis of the total amount of contracts traded on the M- and P-accounts, Eurex will determine the five most active Market Makers per calendar month to participate in revenue sharing according to the following ranking:

Market Maker Ranking	Revenue sharing
1	12 %
2	10 %
3	8 %
4	6 %
5	4 %

Should less than five Market Makers have fulfilled the requirements for one product in a month, the stake of the revenue distributed will be decreased accordingly, i.e., if, for example, only four Market Makers fulfil the requirements, the stake is reduced to 36 percent.

Participants interested in taking over Market Maker functions for stock options on Russian Depository Receipts should complete the Market Maker Registration form and return it to fax no. +41-588 54-24 66 by April 16, 2007.

The application and registration for Market-Making are available for download from the Eurex website under www.eurexchange.com > Documents > Forms > Trading Derivates > Single forms > Market-Making.

2. Designated Market-Making in Futures on the RDXxt® USD Index

As a Designated Market Maker Eurex members agree to supply continuous bid and ask prices (quotes) for a specified minimum number of contracts during a fixed length of time in compliance with maximum spreads. For details and exact parameters of the Designated Market-Making scheme please see attachment 1.

If a Market Maker fulfils its obligations, Eurex in return will reimburse trading and clearing fees for transactions concluded by the Market Maker on M-accounts.

Reimbursement of trading and clearing fees in Designated Market-Making ends on December 31, 2007.

Furthermore, Eurex will grant to the five most active Designated Market Makers in futures on the RDXxt® USD Index a revenue sharing in 40 percent of trading and clearing proceeds from these products. Revenue sharing will take place between August 1, 2007 and June 30, 2008.

Eurex will evaluate on a monthly basis which Designated Market Makers have complied with the requirements of the Designated Market Maker scheme. On the basis of the total amount of contracts traded on the M- and P-accounts, Eurex will determine the five most active Designated Market Makers per calendar month to participate in revenue sharing according to the following ranking:

Designated Market Maker Ranking	Revenue Sharing
1	12 %
2	10 %
3	8 %
4	6 %
5	4 %

Should less than five Designated Market Makers have fulfilled the requirements for one product in a month, the stake of the revenue distributed will be decreased accordingly, i.e., if, for example, only four Designated Market Makers fulfil the requirements, the stake is reduced to 36 percent.

Participants interested in taking over Designated Market Maker functions for futures on the RDXxt® USD Index should complete the Designated Market Maker Registration form (attachment 2) and return it to fax no. +41-588 54-24 66 by April 16, 2007.

3. Margin Parameters

Underlying instruments	Product Code	Currency	Margin Parameters*	Margin Class	Position limits (in contracts)
AO Tatneft	TTFF	USD	5.8	TTFB	
Comstar United Telesystems	C8RF	USD	0.6	C8R1	
Evraz Group S.A.	HK1F	USD	2.3	HK1A	
Gazprom Neft	SCFF	USD	1.3	SCF	
Lukoil (OAO)	LUK	USD	5.6	LUK	2,126,408
Lukoil (OAO)	LUKF	USD	5.6	LUK	
MMC Norilsk Nickel	NNIA	USD	12.1	NNIA	953,140
MMC Norilsk Nickel	NNIF	USD	12.1	NNIA	
OAO Gazprom	GAZ	USD	2.8	GAZ	14,795,945
OAO Gazprom	GAZF	USD	3.2	GAZ	
OAO Novatek	N10F	USD	3.7	N10	
OJSC Novo Lipetsk Steel	N7MF	USD	1.5	N7MG	
OJSC OC Rosneft	OJSF	USD	0.6	OJS1	
Rostelekom	RTLF	USD	3.6	RTL	
Severstal	RTSF	USD	0.91	RTS2	
Sistema	KO7F	USD	2.1	KO71	
Surgutneftegaz	SGN	USD	3.8	SGN	1,786,300
Surgutneftegaz	SGNF	USD	3.8	SGN	
Unified Energy Systems of Russia	UESF	USD	8.5	UES	
X5 Retail Group	PJPF	USD	2.0	PJP	

*absolute, monthly update

Index Futures	Product Code	Currency	Margin Class	Margin Parameters*	Initial Margin
RDXxt® USD Index	FRDX	USD	RDX	220	5500

*absolute, monthly update

In case margin parameters should be changed before production start, we will inform you in due time by means of a circular.

4. Additional Stock Options on Russian Depository Receipts in Simulation

Since March 20, 2007 two more stock options on Russian Depository Receipts have been made available for simulation. These are **not European options**, but **American options**, different to the planned contract specifications and, thus, will permit participants to test exercises in stock options.

The following products have been set up as American options in simulation:

Stock options	Product code	ISIN stock option	Contract Size	ISIN Underlying
MMC Norilsk Nickel	NNIA	US46626D1081	50	US46626D1081
Surgutneftegaz	SGN	US8688612048	100	US8688612048

Should you require further details, please feel free to contact Tobias Ehinger at telephone +41-58 854-23 08.

Frankfurt, March 23, 2007

Designated Market Maker Scheme for RDXxt® USD Index Futures

Quote Obligations

Eurex Code:	**FRDX**
Minimum Size:	20 contracts on the bid and ask side, only in the series with the nearest expiration (Front Month)
Maximum Spread:	20 index points The spread classification will be reviewed on a monthly basis.
Quotation Period:	90 percent of the trading period from 10:00 CET to 16:30 CET on a monthly average

In addition Designated Market Makers have to facilitate the roll of the current futures contracts into the upcoming front month series by either

I. **quotation of the calendar spread or**

II. **quotation of the back month**

10 trading days prior to the roll.

Designated Market Maker Fees:	April 23, 2007 up to the December 31, 2007 Total refund of trading and clearing fees for contracts traded on M-Accounts

Application Form - Designated Market Making Scheme

To Eurex
Eurex Sales
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Application for the Status of Designated Market Maker in Futures on the RDXxt® USD Index

1. We _____
(name of firm)

herewith apply for the status of Designated Market Maker in the following contract

Product	**Eurex Code**	**Please check box (ü)**
RDXxt® USD Index Futures	FRDX	¨ yes

for the period from April 23, 2007 until December 31, 2007 (commitment period) in accordance with the terms and conditions stated in the Quote Obligations (attachment 1).

2. As a Designated Market Maker

a) we will provide bid and ask quotes on both sides of the market

- for the minimum number of contracts specified in the quote obligations
- in compliance with the maximum spreads (see Quote Obligations)
- for the period of time specified in the Quote Obligations (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract and in response to quote requests)
- for front month and back month contracts during the roll (10 trading days prior to maturity of the front month)

b) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this agreement;

c) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market-Making; and

d) we will inform Eurex within one business day in the event that we find ourselves no longer in a position to fulfill these obligations.

3. Eurex will in return

a) publish the name of the Eurex member with the Designated Market Maker status in advertising and informative material in connection with the contracts, if desired;

b) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding RDXxt® USD Index futures; and

c) refund all trading and clearing fees for the contracts traded by Designated Market Makers on M-accounts up to December 31, 2007, upon fulfillment of the obligations, for Market Makers joining the scheme **prior** to April 16, 2007. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if RDXxt® USD Index Futures are traded on A- or P-accounts.

4. Compliance with the obligations specified under No. 2 shall be monitored by Eurex.

In the event that we will not meet the obligations specified under No. 2 , Eurex shall have the right to terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract or due to a revision of the law or rules with respect to the contract, we as well as Eurex will have the right to terminate this agreement with immediate effect or to renegotiate the requirements indicated in paragraph 2 and/or in the associated Quote Obligations.

6. Eurex shall have the right to amend or expand one or more of the condition(s) laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more condition(s), the Designated Market Makers must, for their part, ensure that they can be contacted so that they can be promptly advised that this situation has ceased to exist.

7. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which will expire on December 31, 2007. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed upon with Eurex.

9. The associated Quote Obligations (attachment 2) are an integral part of this application.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)

_____
Place, date

_____ _____
Name Position

_____ _____
Phone Fax

_____ _____
(Signature / Stamp of the firm) E-mail address

Please send the completed application for the status of Designated Market Maker to the indicated fax number.