eurexbonds circular 15/06

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Recipients: All Eurex Bonds members
Authorized by: Johannes Weßling

⚠ **High Priority**

Introduction of first German Inflation-Linked Bond

Related Eurex Bonds Circulars: 85/05

Contact: Johannes Weßling, Tel. +49 69 211 15932

Content may be most important for:	**Attachments:** Eurex Bonds Release Notes 1/2006
➲ Front Office / Trading	
➲ Middle + Back Office	
➲ IT / System Administration	
➲ Auditing / Security Coordination	

Summary:

The German Finance Agency has announced their intention to issue the first German Government **Inflation Linked Bond** in March 2006.

In order to facilitate trading on the Eurex Bonds platform and clearing by Eurex Clearing from initial product launch, the special workflow is introduced.

This Circular contains information on the following issues:

- Linker workflow
- Trading and Trade Confirmation
- Clearing and CCP Information

Eurex Bonds GmbH
D-60485 Frankfurt/Main
www.eurex-bonds.com

Contact:
T +49-69-211-1 1222
F +49-69-211-1 7003
info@eurex-bonds.com

Managing Directors:
Christian Klapproth,
Michael Roczinski

Gesellschaft mit beschränkter Haftung
mit Sitz in Frankfurt/Main
HRB Nr. 49370
Amtsgericht Frankfurt/Main
USt Id 04523253333

Introduction of first German Inflation-Linked Bond

The German Finance Agency has announced their intention to issue the first German Government **Inflation Linked Bonds** in Match 2006. In order to facilitate trading on the Eurex Bonds platform and clearing by Eurex Clearing from initial product launch, the following procedure must be applied:

1. Trading

The new Inflation Linked Bonds will be set up in the trading environment in the same way as other German Government bonds and will be included in the existing **"BOND" Instrument Group.**
The *automatic trade confirmation* provided by the Xetra® trading system does not take into consideration the Indexation Coefficient: the trade confirmation will be calculated like all other bonds tradable on Eurex Bonds.

2. Clearing

Inflation Linked Bonds have specific *Indexation Coefficients* for every possible settlement day; these coefficients will be published in advance. The *Market Value* and the *Amount of Accrued Interest* have to be adjusted by using the Indexation Coefficient. The according adjustments will be performed by Eurex Bonds Market Supervision. The pending trade will be updated in the CCP and an update information will be sent to counterparties via e-mail.
Please refer to the **Eurex Bonds Release Notes 01/2006** for more details attached to this circular.

3. Member Feedback

The updated trade confirmation will be sent to the counterparty's trading desk.
If any other additional contact has to be informed and need the update trade confirmation email, please provide the according contact to Eurex Bonds Customer Support (info@eurex-bonds.com) .

Should you have any further questions, please do not hesitate to call the Eurex Bonds Info line on +49 (0) 69 - 211 - 11222.

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