e u r e x *circular 104/99*

To: All Eurex members and vendors

Date: Frankfurt, 19th October 1999

Introduction of Stock Options on the Shares of Lonza Group AG

Dear Sir or Madam,

On 13th October 1999 the Boards of Management of Eurex Deutschland and Eurex Zürich made the decision to introduce a stock option on the Swiss shares of Lonza Group AG. Lonza Group AG will come into being through a spin-off from the Swiss Alusuisse-Lonza Group (ALUN). Information on the spin-off has already been published in Eurex circular 101/99. With the inclusion of Lonza Group in the SMI from 1st November 1999, the listing of the stock option is a response to the change in the composition of this benchmark index.

The introduction of stock options on Lonza Group AG will take place on 1st November 1999 provided that at least three Market-makers have agreed to quote them.

SMI component (from 1st November 1999)

Lonza LONN WKN: 928 619 ISIN: CH0009493658

Introduction of the associated Low Exercise Price Options (LEPOs) for Lonza will also take place on 1st November 1999.

Contract Specifications

The stock options will be introduced according to the current concept for Swiss stock options. Detailed specifications can be found in Appendices 1 and 2.

Market-making

Market-making will be carried out within the scope of regular Market-making at Eurex with the quote obligations and validity conditions defined in Appendix 3. If you are interested in fulfilling a Market-maker function for these stock options, please complete the attached application form (Appendix 4) and return it by October 22nd 1999 to Peter Sack on Fax. +49 (0)69-2101-4461.

Product Parameters

Stock option	Position limit	Pos. limit - Market-maker	Margin interval
Lonza AG	10.000	30.000	9%

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Executive Board:
Dr. Jörg Franke, Otto E. Nägeli
Andreas Preuß, Jürg Spillmann

Preparation for Start of Trading

- On 28th October 1999 (Thursday) the Lonza AG stock options and margin classes will be set up in the Eurex system. Corresponding back-office transactions will be transmitted electronically.

- On 29th October 1999 (Friday) after close of trading, settlement prices for all contract months of the stock option will be transmitted. In addition, transactions for the PMI file will be generated. Theoretical prices transmitted within the scope of the end of day processing should be ignored.

- Trading in the Lonza option will start on Monday 1st November 1999. Orders may be entered into the Eurex system from 07.30 CET

If you have any questions, please contact one of the help-desks below:

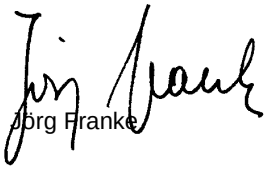
Technical help-desk

Tel. +49 (0)69-2101-1200

Functional help-desks

Tel. +49 (0)69 2101 1219 (Equity products)
Tel. +49 (0)69 2101 1250 (Clearing)

Yours sincerely,



Jörg Franke



Hartmut Klein

Attachments

Appendix 1

Stock Options on Swiss Shares
(OSTK)

Contract Size

Contracts are generally based on 10 shares of the underlying instrument. As an exception, options contracts on Roche Holding GS are for 1 share of the underlying security.

Minimum Price Change

Option price	Minimum Price Change
CHF 0.10 to CHF 9.90	CHF 0.10
CHF 10.00 to CHF 19.80	CHF 0.20
CHF 20.00 to CHF 299.50	CHF 0.50
CHF 300.00 and above	CHF 1.00

Settlement

Physical delivery of 10 shares, or 1 share, respectively, of the underlying security.

Settlement Day

Three exchange trading days after exercise.

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, the exchange trading day immediately preceding that Friday.

Daily Settlement Price

The last traded price of the trading day; or, if the last traded price is older than 15 minutes or does not reasonably reflect the prevailing market conditions, then Eurex will establish the official settlement price.

Exercise

American style, i.e. an option can be exercised up to the end of the Post-Trading Period on any exchange trading day during the lifetime of the option.

Expiration Months

Options are available with lifetimes up to and including:

Group A shares: the three nearest calendar months, as well as the following two months within the cycle March, June, September and December thereafter (i.e. up to a maximum lifetime of 9 months).

Group C shares: the three nearest calendar months, as well as the following three months within the cycle March, June, September and December thereafter, and the following two months within the cycle June and December thereafter (i.e. up to a maximum lifetime of 24 months).

For each expiration month, there are at least three call and three put series, providing an in-the-money, at-the-money and out-of-the-money exercise price.

Appendix 1

Exercise Prices

Options series may have the following exercise prices:

For remaining terms of 1 and 2 months

Exercise Prices	Exercise Price intervals
CHF 5 to CHF 195	CHF 5
CHF 200 to CHF 390	CHF 10
CHF 400 to CHF 975	CHF 25
CHF 1,000 to CHF 1,950	CHF 50
CHF 2,000 to CHF 4,900	CHF 100
CHF 5,000 and above	CHF 200

For remaining terms of 3 to 12 months

Exercise Prices	Exercise Price intervals
CHF 10 to CHF 190	CHF 10
CHF 200 to CHF 380	CHF 20
CHF 400 to CHF 950	CHF 50
CHF 1,000 to CHF 1,900	CHF 100
CHF 2,000 to CHF 4,800	CHF 200
CHF 5,000 and above	CHF 400

For remaining terms of 13 to 24 months

Exercise prices	Exercise Price intervals
CHF 20 to CHF 180	CHF 20
CHF 200 to CHF 360	CHF 40
CHF 400 to CHF 900	CHF 100
CHF 1,000 to CHF 1,800	CHF 200
CHF 2,000 to CHF 5,200	CHF 400
CHF 5,600 to CHF 11,200	CHF 800
CHF 12,000 and above	CHF 1,000

Underlying Instruments

Eurex options on Swiss stocks are traded in the following groups according to their expiration months:

Group A	**Group B**	**Group C**
1, 2, 3, 6 and 9 months	**1, 2, 3, 6, 9 & 12 months**	**1, 2, 3, 6, 9, 12, 18 and 24 months**
Adecco N (ADEN)	None	ABB N (ABBN)
Holderbank I (HOL)		Algroup N (ALUN)
Rentenanstalt/ Swiss Life N (RAN)		Ciba Spezialitätenchemie Holding N (CIBN)
SAir Group N (SRN)		Clariant N (CLN)
Sulzer N (SUN)		Credit Suisse Group N (CSGN)
The Swatch Group N (UHRN)		Lonza Group AG (LONN)
		Nestle N (NESN)
		Novartis N (NOVN)
		Roche Holding GS (ROG)
		Schweiz. Rueckversicherung N (RUKN)
		Swisscom (SCMN)
		UBS AG N (UBSN)
		Zuerich Allied N (ZUAN)

All options on Swiss stocks are subject to mandatory market making.

Option Premium

Payable in full on the exchange trading day immediately following the trade date.

Trading Hours

9:00 a.m. until 4:55 p.m. CET.

Low Exercise Price Options (LEPOs) on Swiss Shares

Underlying Shares with LEPO Contracts

ABB N (ABBN)
Adecco N (ADEN)
Algroup N (ALUN)
Ciba Spezialitätenchemie Holding N (CIBN)
Clariant N (CLN)
Credit Suisse Group N (CSGN)
Holderbank I (HOL)
Lonza Group AG (LONN)
Nestlé N (NESN)
Novartis N (NOVN)
Rentenanstalt/Swiss Life N (RAN)
SAir Group N (SRN)
Schweiz. Rueckversicherung N (RUKN)
Sulzer N (SUN)
The Swatch Group N (UHRN)
Swisscom N (SCMN)
UBS AG N (UBSN)
Zurich Allied N (ZUAN)

Contract Size

Each LEPO contract is based on 10 shares of the underlying security.

Minimum Price Change

Option Price	Minimum Price Change
CHF 0.10 to CHF 9.90	CHF 0.10
CHF 10.00 to CHF 19.80	CHF 0.20
CHF 20.00 to CHF 299.50	CHF 0.50
CHF 300.00 and above	CHF 1.00

Settlement

Physical delivery of 10 shares of the underlying security.

Settlement Day

Three exchange trading days after the exercise.

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, the exchange trading day immediately preceding that Friday.

Daily Settlement Price

CHF 1 below the last traded price of the underlying security.

Exercise

American style, i.e. an option can be exercised up to the end of the Post-Trading Period on any exchange trading day during the lifetime of the option.

Expiration Months

The two nearest months within the cycle March, June, September, December.

Exercise Price

All LEPO contracts have an exercise price of CHF 1.

Option Premium

Payable in full on the exchange trading day immediately following the trade date.

Trading Hours

9:00 a.m. until 4:55 p.m. CET.

Market Making

Swiss Equity Options

Quote Obligations

Minimum Size:

5 contracts on the bid and ask side in all option series and for all Swiss equity options[1]

Maximum Spread:

Group A:

Adecco N, Holderbank I, Rentenanstalt/Swiss Life N, Sair Group N, Sulzer N, The Swatch Group N

Group C
ABB N, Algroup N, Ciba N, Clariant N, Credit Suisse Group N, Lonza AG, Nestle N, Novartis N, Swisscom N, Schw. Rückvers. N, UBS AG N, Zurich Allied N

Bid up to	***Spread***
29.50	6.00 CHF
249.00	20 %
9999.80	50.00 CHF

Exception:

Roche Holding GS

Bid up to	***Spread***
49.50	10.00 CHF
449.00	20 %
9999.80	100.00 CHF

Response to quote requests:

- At least 50 % of all Quote Requests have to be answered (up to a max. of 150 quote requests per day)
- within 5 minutes
- with a minimum holding time of 10 seconds

Market Maker Fees

Trade per contract	CHF 0.08
Exercise per contract	CHF 0.08

[1] In the “Fast Market” product status there is a reduced Minimum Size of 3 contracts

Application for the Granting of Market Maker Licences at Eurex



Eurex

Product Development/Products

60284 Frankfurt

(Fax: ++49 69 2101-4461)

Applicant

Name of applying exchange participant

Address

Name of contact

Phone No. Fax No.

Application for the Granting of Market Maker Licences pursuant to Subsection 3.3 of the Eurex Exchange Rules

I. We herewith apply for admission as Market Maker pursuant to Subsection 3.3 of the Eurex Exchange Rules.

Provided that the applying company is admitted as an exchange participant at Eurex Zürich, this application applies to Eurex Zürich as well.

The granting of a Market Maker Licence is applied for regarding the trading in

Option contracts on equities with the following underlying(s):

☐ ABBN (ABB)	☐ DCX (DaimlerChrysler)	☐ MAN (MAN)	☐ SAP3 (SAP VZ.)
☐ ADEN (Adecco)	☐ DHA (Degussa Hülst)	☐ MEO (Metro)	☐ SCH (Schering)
☐ ADS (Adidas)	☐ DRB (Dresdner Bank)	☐ MMN (Mannesmann)	☐ SIE (Siemens)
☐ ALUN (Alusuisse-Lonza)	☐ DTE (Deutsche Telekom)	☐ MOB (Mobilcom AG)	☐ SOY (Sonera-Yhtymä Oyj)
☐ ALV (Allianz)	☐ ETV (EM. TV & Merchand.)	☐ MUV2 (Münchner Rück.)	☐ SRN (Sair Group)
☐ BAS (BASF)	☐ FME (Fresenius Med.Care)	☐ NESN (Nestlé)	☐ SUN (Sulzer)
☐ BAY (Bayer)	☐ HEN3 (Henkel VZ)	☐ NOA3 (Nokia Oyj A)	☐ SCMN (Swisscom)
☐ BMW (BMW)	☐ HOE (Hoechst)	☐ NOVN (Novartis)	☐ TKA (Thyssen Krupp)
☐ CBK (Commerzbank)	☐ HOL (Holderbank)	☐ PRS (Preussag)	☐ UBSN (UBSAG)
☐ CIBN (Ciba Spezialitäten)	☐ HVM (Bayer. Vereinsbank)	☐ RAN (Rentenanstalt)	☐ UHRN (The Swatch Group)
☐ CLN (Clariant)	☐ KAR (Karstadt)	☐ ROG (Roche Holding)	☐ VEB (Veba)
☐ CSO (Consors)	☐ LHA (Lufthansa)	☐ RPL (UPM-Kymmene Oyj)	☐ VIA (VIAG)
☐ CSGN (Credit Suisse Gr.)	☐ LIN (Linde)	☐ RUKN (Schweiz. Rückvers.)	☐ VOW (Volkswagen)
☐ DBK (Deutsche Bank)	☐ LONN (Lonza)	☐ RWE (RWE)	☐ ZUAN (Zurich Allied)

- ☐ ODAX
  Option contracts on the German Stock Index (DAX®)
- ☐ OFOX
  Option contracts on the Finnish Stock Index (FOX®)
- ☐ OEU3
  Option contracts on the Three-Month-Euribor-Futures
- ☐ OSMI
  Option contracts on the Swiss Market Index (SMI ®)
- ☐ OCNF
  Option contracts on the CONF-Future
- ☐ OGBL
  Option contracts on Euro-BUND-Futures
- ☐ OGBM
  Option contracts on Euro-BOBL-Futures
- ☐ OGBS
  Option contracts on Euro-Schatz-Futures
- ☐ ONOR
  Option contracts on the Dow Jones Nordic STOXX℠ 30
- ☐ OSTX
  Option contracts on the Dow Jones STOXX® 50
- ☐ OESX
  Option contracts on the Dow Jones Euro STOXX® 50

II. The functions associated with such Market Maker Licences will be carried out by the following persons who have already been admitted for trading at Eurex:

Name, first name	Product to be covered
Name, first name	Product to be covered
Name, first name	Product to be covered

We herewith declare that the persons listed above have the necessary professional and personal qualification to fulfil the Market Maker functions pursuant to Subsection 3.3 of the Eurex Exchange Rules.

III. We confirm that we know the Eurex Rules and Regulations and declare that we will comply with these provisions in their relevant current version.

Place and Date	Company Stamp and authorized Signature