# **e u r e x** *circular 93/99*

To: All Eurex members and vendors

Date: Frankfurt, 13th September 1999

**Introduction of Finnish and Nordic Products on 27th September on Eurex**

1. **Margin Parameters, Transaction Limits, Cross Trade Regulations, Position Limits, Market Order Matching Range, Market Maker Obligations, and Block Trade Facility**
2. **Trading and Transaction Fees**
3. **Market Maker Application Form**
4. **Designated Market Making for Index Futures**
5. **Preparation for Start of Trading**
6. **Data Vendor Symbols**

Dear Sir or Madam,

Eurex, the German/Swiss derivatives exchange, has brought forward the date of introduction of the Dow Jones Nordic STOXX 30SM from 4th October 1999 to **27th September 1999**. This date was already chosen for introducing the most important Finnish equity options Nokia, UPM and Sonera, as well as the derivatives on the FOX.

The introduction of the other twelve stock options which have been tradable on HEX has been postponed until the beginning of 2000. The choice of the new dates is due to remaining open issues with respect to Finland's taxation legislation. An act of the Finnish Government which clarifies the legal situation unambiguously is expected in November.

The originally planned Package Market Making with the introduction of the nineteen Finnish products can therefore not be offered for the time being. As a result, Eurex has decided to charge no transaction fees for Market Making in the remaining products until 31st December 1999.

## 1. Margin Parameters, Transaction Limits, Cross Trade Regulations, Position Limits, Market Order Matching Range, Market Maker Obligations, and Block Trade Facility

Please see Appendix 1 for information and details of the respective operational parameters.

## 2. Trading and Transaction Fees

For the trade and transaction fees, please refer to the price-list in Appendix 2.

Eurex Deutschland
Börsenplatz 7 - 11
D-60313 Frankfurt am Main
www.eurexchange.com

Eurex Member Readiness
Tel. +49 (0)69-2101-1700
Fax +49 (0)69-2101-1701

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

### 3. Market Maker Application Form

Due to the modifications to the transaction fees, interested market makers now have until 17th September 1999 to decide whether to take on Market Making obligations in the options contracts offered. The Market Maker application form is attached as Appendix 3. Members who have already returned an application form have no need to submit a further application. If you have any questions related to this, please contact Peter Sack on +49 (0)69-2101-5316. In order to permit the registration of Market Makers in time for the start of trading by the stipulated time please return the completed Market Maker application form to Eurex Product Development, for the attention of Peter Sack, on FAX +49 (0)69-2101-4461, by 17th September 1999.

### 4. Designated Market Making for Index Futures

Eurex is offering interested members the opportunity to become Designated Market Makers for the FOX Future and the Dow Jones Nordic STOXX 30SM Index Future. For this, the statement of obligations included as Appendix 4 should be completed and returned to Eurex Product Development (Peter Sack) by 17th September 1999. Please note that there are some changes from the original Designated Market Maker application form we distributed with Circular 90/99:

- The refund will now include all of the relevant transaction costs on the M-account.
- The period of Designated Market Making will end on 31st December 1999

Designated Market Makers are obliged to quote with the following maximum bid/ask spreads and minimum number of contracts for the Front-month, during 40% of the overall daily trading hours on a monthly average:

| Product | Max. Bid/Ask Spread | Min. No. Of Contracts |
|---|---|---|
| FOX-Future | 5 Index points (50 Ticks) | 20 |
| Dow Jones Nordic STOXX 30 SM Future | 5 Index points (5 Ticks) | 50 |

Provided the conditions above are met, Designated Market Makers will receive a monthly refund of the Trading and Clearing fees for the activities on these products on their M account.

### 5. Preparation for Start of Trading

- On 23rd September 1999 (Thursday) the products mentioned below and the Margin Classes FFOX and FNOR will be set up in the Eurex system. Corresponding back office messages will be generated.

| Product | Eurex Symbol |
|---|---|
| Dow Jones Nordic STOXX 30SM Index Option | ONOR |
| Dow Jones Nordic STOXX 30SM Index Futures | FNOR |
| FOX Option | OFOX |
| FOX Futures | FFOX |
| Nokia Oyj A | NOA3 |
| UPM-Kymmene Oyj | RPL |
| Sonera-Yhtymä Oyj | SOY |

- On 24th September 1999 (Friday) settlement prices with a value of EUR 0.01 will be sent after 19.00 h CET for all contract months in the relevant products. Additionally, transactions for the PMI file will be generated. Within the scope of the daily transmission of theoretical prices, prices will also be transmitted for these products. Please ignore them.

- On 27th September 1999 (Monday) trading in the corresponding products will commence. Orders may be entered into the Eurex system from 07.30. CET.

**6. Data Vendor Symbols**

At the present time, Eurex does not have all of the data vendor symbols. This information will be published in good time for the start of trading on the 'What's New' page of our web-site www.eurexchange.com.

Our Help-desks are available to answer any general questions you may have.

| Technical Help-desk | Functional Help-desks |
|---|---|
| +49 (0)69-2101-1200 | +49 (0)69-2101-1210 Equity Products<br>+49 (0)69-2101-1220 Index Products<br>+49 (0)69-2101-1250 Clearing |

If you have any questions relating to the content of the circular, please contact Peter Sack (Eurex) Tel. +49 (0)69-2101-5316.

Yours sincerely,

Jörg Franke

Hartmut Klein

Attachments

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Andreas Preuß, Jürg Spillmann

## 1. Margin Parameters

| Margin Class | Products in this Class | Parameters |
|---|---|---|
| FOX | FFOX<br>OFOX<br><br>spread rates | 125 points<br>(EURO 1,250 .--)<br><br>EURO 250.--<br>back month<br><br>EURO 250.--<br>spot month |
| NOR | FNOR<br>ONOR<br><br>spread rates | 320 points<br>(EURO 320.--)<br><br>EURO 70.--<br>back month<br><br>EURO 70.--<br>spot month |

| Margin Class | Products in this Class | Parameters |
|---|---|---|
| NOA3 | NOA3 | 12 % |
| SOY | SOY | 11% |
| RPL | RPL | 10 % |

| Margin Groups | Margin Classes | Offset Factor |
|---|---|---|
| NMIX | FOX, NOR | 0 % |

## 2. Transaction Limits

Transaction limits for the respective products per day and per participant are set as follows:

Stock Options: 4,000 Transactions each
3,000 Massquote-Release Transactions each

Index Options: 6,000 Transactions each
3,000 Massquote-Release Transactions each

Index Futures: 6,000 Transactions each

## 3. Minimum Size for Cross- and Pre-arranged Trades

The minimum order sizes in accordance with subsection 1.3.3 of the Conditions for Trading for Cross and Prearranged Trades in the trading of Finnish products are as follows:

Stock Options: 250 contracts each

Index Options: 250 contracts each

Index Futures: 250 contracts each

## 4. Position Limits

| Stock Option | Position Limits | Market Maker Position Limits |
|---|---|---|
| Nokia | 182,000 contracts | 546,000 contracts |
| Sonera | 27,100 contracts | 81,300 contracts |
| UPM | 40,000 contracts | 120,000 contracts |

## 5. Market Order Matching Range

FOX Future: 5 Index points (50 ticks)

Dow Jones Nordic STOXX 30$^{SM}$ Index Future: 10 Index points (10 ticks)

## 6. Market Maker Obligations

**General**: A minimum of 50% of quote requests are to be answered up to a maximum of 150 quote requests per day

**Stock options**:

The stock options will be separated into different groups of underlyings regarding to the terms of maturities:
1. Nokia (up to 24 months)
2. Sonera and UPM-Kymmene (up to 12 months)

Market maker requirements on quote requests:

Sonera and UPM-Kymmene:
20 lots each for Bid and Ask
Bid up to 1.50 euro = spread 0.30 euro
Bid from 1.50 euro up to 15 Euro = spread 20%
Bid above 15 euro = spread 3.00 euro

Nokia:
50 lots each for Bid and Ask
Bid up to 1.33 euro = spread 0.20 euro
Bid from 1.33 euro up to 13.33 euro = spread 15%
Bid above 13.33 euro = spread 2.00 euro

**Index options**:

FOX option and Dow Jones Nordic STOXX 30$^{SM}$ Index option

Market maker requirements on quote requests:

20 lots each for Bid and Ask
Bid up to 5 points = spread 1 point
Bid from 5 points up to 100 points = spread 20%
Bid above 100 points = spread 20 points

### 7. Block Trades

For the Finnish stock and index options Eurex also offers the possibility of using the Block Trade Facility. Further information about the Block Trade Facility can be found in Eurex Circulars 89/98 and 37/99.

Interested NCM´s should consult their GCM.

The minimum Block Trade sizes are set as follows:

Stock Options: 250 contracts each

Index Options: 250 contracts each

Price List

# 2 Transaction Fees

## 2.1 The following fees with respect to futures contracts:

### 2.1.1 FOX Future

With respect to FOX Futures fees for:

| | | | |
|---|---|---|---|
| a. order matching | | | |
| - trade | | per contract | 0.90 EUR |
| b. trade administration | | | |
| - trade separation | | per transaction | 0.00 EUR |
| - trade adjustment | | per transaction | 0.00 EUR |
| - trade transfer | | per transaction | 0.00 EUR |
| c. position administration | | | |
| - position closing adjustment if these do not take place between 1:30 p.m. on the day of trade and 1:30 p.m. on the following trading day | | per transaction | 1.80 EUR |
| - position transfer | | per transaction | 0.00 EUR |
| d. settlement of trades and positions | | | |
| - cash settlement | | per contract | 0.90 EUR |

### 2.1.2 Dow Jones Nordic STOXX 30$^{SM}$ Index Future

With respect to Dow Jones Nordic STOXX 30$^{SM}$ Index Futures fees for:

| | | | |
|---|---|---|---|
| a. order matching | | | |
| - trade | | per contract | 0.30 EUR |
| b. trade administration | | | |
| - trade separation | | per transaction | 0.00 EUR |
| - trade adjustment | | per transaction | 0.00 EUR |
| - trade transfer | | per transaction | 0.00 EUR |
| c. position administration | | | |
| - position closing adjustment if these do not take place between 1:30 p.m. on the day of trade and 1:30 p.m. on the following trading day | | per transaction | 0.60 EUR |
| - position transfer | | per transaction | 0.00 EUR |
| d. settlement of trades and positions | | | |
| - cash settlement | | per contract | 0.30 EUR |

## 2.2 The following fees with respect to options contracts:

### 2.2.3 Finnish Stock Options

With respect to Finnish Stock Options, fees for:

| | | |
|---|---|---|
| a. order matching | | |
| - trade | per contract | 1,35 EUR |
| - trade (Market Maker) | per contract | 0,70 EUR[1] |
| b. trade administration | | |
| - trade separation | per transaction | 0.00 EUR |
| - trade transfer | per transaction | 0.00 EUR |
| - adjustment of an opening/closing transaction | per transaction | 0.00 EUR |
| c. position administration | | |
| - position closing transaction | per transaction | 0.00 EUR |
| - position transfer | per transaction | 0.00 EUR |
| - position transfer from Market Maker account | per contract | 0.65 EUR[2] |
| d. settlement of trades and positions | | |
| - exercise | per contract | 1,35 EUR |
| - exercise (Market Maker) | per contract | 0,70 EUR[1] |
| - exercise adjustment | per transaction | 0.00 EUR |

### 2.2.4 FOX Options

With respect to FOX Options fees for:

| | | |
|---|---|---|
| a. order matching | | |
| - trade | per contract | 0.90 EUR |
| - trade (Market Maker) | per contract | 0.60 EUR[3] |
| b. trade administration | | |
| - trade separation | per transaction | 0.00 EUR |
| - trade transfer | per transaction | 0.00 EUR |
| - adjustment of an opening/closing transaction | per transaction | 0.00 EUR |
| c. position administration | | |
| - position closing transaction | per transaction | 0.00 EUR |
| - position transfer | per transaction | 0.00 EUR |
| - position transfer from Market Maker account | per contract | 0.30 EUR[4] |
| d. settlement of trades and positions | | |
| - exercise | per contract | 0.90 EUR |
| - exercise (Market Maker) | per contract | 0.60 EUR[3] |
| - exercise adjustment | per transaction | 0.00 EUR |

[1] 0,70 EUR will be charged from 01.01.2000. Until 31.12.1999 the fee is 0.00 EUR.
[2] 0,65 EUR will be charged from 01.01.2000. Until 31.12.1999 the fee is 1.35 EUR.
[3] 0,60 EUR will be charged from 01.01.2000. Until 31.12.1999 the fee is 0.00 EUR.
[4] 0,30 EUR will be charged from 01.01.2000. Until 31.12.1999 the fee is 0.90 EUR.

2.2.5 **Dow Jones Nordic STOXX 30[SM] Index Option**

With respect to Options on the Dow Jones Nordic STOXX 30[SM] Index Option, fees for:

| | | |
|---|---|---|
| a. order matching | | |
| - trade | per contract | 0.30 EUR |
| - trade (Market Maker) | per contract | 0.10 EUR |
| b. trade administration | | |
| - trade separation | per transaction | 0.00 EUR |
| - trade transfer | per transaction | 0.00 EUR |
| - adjustment of an opening/closing transaction | per transaction | 0.00 EUR |
| c. position administration | | |
| - position closing transaction | per transaction | 0.00 EUR |
| - position transfer | per transaction | 0.00 EUR |
| - position transfer from Market Maker account | per contract | 0.20 EUR |
| d. settlement of trades and positions | | |
| - exercise | per contract | 0.30 EUR |
| - exercise (Market Maker) | per contract | 0.10 EUR |
| - exercise adjustment | per transaction | 0.00 EUR |

2.2.6 **LEPO on Stocks of Finnish Stock Corporations**

With respect to LEPOs on Stocks of Finnish Stock Corporations, fees for:

| | | |
|---|---|---|
| a. order matching | | |
| - trade | per contract | 1.35 EUR |
| - trade (Market Maker) | per contract | 0.70 EUR[5] |
| b. trade administration | | |
| - trade separation | per transaction | 0.00 EUR |
| - trade transfer | per transaction | 0.00 EUR |
| - adjustment of an opening/closing transaction | per transaction | 0.00 EUR |
| c. position administration | | |
| - position closing transaction | per transaction | 0.00 EUR |
| - position transfer | per transaction | 0.00 EUR |
| - position transfer from Market Maker account | per contract | 0.65 EUR[6] |
| d. settlement of trades and positions | | |
| - exercise | per contract | 1.35 EUR |
| - exercise (Market Maker) | per contract | 0.70 EUR[5] |
| - exercise adjustment | per transaction | 0.00 EUR |

[5] 0.70 EUR will be charged from 01.01.2000. Until 31.12.1999 the fee is 0.00 EUR.
[6] 0.65 EUR will be charged from 01.01.2000. Until 31.12.1999 the fee is 1.35 EUR.

Appendix 3

# Application for the Granting of Market Maker Licences at Eurex

Eurex

Product Development/Products

60284 Frankfurt

(Fax: +49 (0)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 exchange participant at Eurex Zurich, this application applies to Eurex Zurich 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) | ☐ MMN (Mannesmann) | ☐ SIE (Siemens) |
| ☐ ADEN (Adecco) | ☐ DHA (Degussa Hüls) | ☐ MOB (Mobilcom AG) | ☐ SOY (Sonera-Yhtymä Oyj) |
| ☐ ADS (Adidas) | ☐ DRB (Dresdner Bank) | ☐ MUV2 (Münchner Rück.) | ☐ SRN (Sair Group) |
| ☐ ALUN (Alusuisse-Lonza) | ☐ DTE (Deutsche Telekom) | ☐ NESN (Nestlé) | ☐ SUN (Sulzer) |
| ☐ ALV (Allianz) | ☐ ETV (EM. TV & Merchand.) | ☐ NOA3 (Nokia Oyj A) | ☐ SCMN (Swisscom) |
| ☐ BAS (BASF) | ☐ FME (Fresenius Med.Care) | ☐ NOVN (Novartis) | ☐ TKA (Thyssen Krupp) |
| ☐ BAY (Bayer) | ☐ HEN3 (Henkel VZ) | ☐ PRS (Preussag) | ☐ UBSN (UBSAG) |
| ☐ BMW (BMW) | ☐ HOL (Holderbank) | ☐ RAN (Rentenanstalt) | ☐ UHRN (The Swatch Group) |
| ☐ CBK (Commerzbank) | ☐ HVM (Bayer. Vereinsbank) | ☐ ROG (Roche Holding) | ☐ VEB (Veba) |
| ☐ CIBN (Ciba Spezialitäten) | ☐ KAR (Karstadt) | ☐ RPL (UPM-Kymmene Oyj) | ☐ VIA (VIAG) |
| ☐ CLN (Clariant) | ☐ LHA (Lufthansa) | ☐ RUKN (Schweiz. Rückvers.) | ☐ VOW (Volkswagen) |
| ☐ CSO (Consors) | ☐ LIN (Linde) | ☐ RWE (RWE) | ☐ ZUAN (Zurich Allied) |
| ☐ CSGN (Credit Suisse Gr.) | ☐ MAN (MAN) | ☐ SAP3 (SAP VZ.) | |
| ☐ DBK (Deutsche Bank) | ☐ MEO (Metro) | ☐ SCH (Schering) | |

# Application for the Granting of Market Maker Licences at Eurex

- ☐ ODAX
  Option contracts on the German Stock index(DAX®)
- ☐ OFOX
  Option contracts on the HEX FOX
- ☐ OEU3
  Option contracts on the Three-month Euribor Future
- ☐ OSMI
  Option contracts on the Swiss Market Index (SMI ®)
- ☐ OCNF
  Option contracts on the CONF-Future
- ☐ OGBL
  Option contracts on the Euro-BUND-Future
- ☐ OGBM
  Option contracts on the Euro-BOBL Future
- ☐ OGBS -
  Option contracts on the Euro-Schatz Future
- ☐ 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 Licenses 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 |
|---|---|

X-pand into the **Future**

**eurex** *fax*

| | | |
|---|---|---|
| to | Eurex<br>Product Development<br>Peter Sack | F +49 69-2101-4461<br>T +49 69-2101-5316 |
| from | Name:<br>Firm:<br>Department: | Fax:<br>Phone:<br>E-mail: |
| | Date: | 3 pages |

**Application for**
**Admission as Designated Market Maker for the FOX Future and/or**
**for the Future on the Dow Jones Nordic STOXX 30$^{SM}$ Index**

1. We, _____
(name of member)

herewith apply for admission as Designated Market Maker for the

☐ **FOX Future**

☐ **Future on the Dow Jones Nordic STOXX 30$^{SM}$ Index**

after the approval of the board of Eurex exchanges and the launch of the contracts (September 27th 1999) until December 31st 1999, pursuant to the conditions set out in Eurex circular 93/99.

2. As a Designated Market-Maker, we shall -

a) provide two-way (bid and ask) quotes for the FOX Future, subject to:

- the specified minimum number of contracts (20 contracts in the first maturity month on the bid and ask side);
- the maximum spreads (5 index points (50 ticks) in the first maturity month); and
- within the scope of the specified duration (40% of the overall daily trading hours, on a monthly average, including in particular on the daily opening and closing of the contract, following quote requests and in the event of significant changes in the underlying index);

and/or provide two-way (bid and ask) quotes for the Future on the Dow Jones Nordic STOXX 30$^{SM}$ Index, subject to:

- the specified minimum number of contracts (50 contracts in the first maturity month on the bid and ask side);
- the maximum spreads (5 index points (5 ticks) in the first maturity month);
- and within the scope of the specified duration (40% of the overall daily trading hours, on a monthly average, including in particular on the daily opening and closing of the contract, following quote requests and in the event of significant changes in the underlying index);

b) identify the name of an executive member of staff who has the power to take the decisions required within the scope of the fulfilment of obligations as Designated Market Maker and is available for Eurex AG as a contact with respect to this agreement; and

c) inform the Eurex Exchanges within one business day in the event of our inability to fulfil these obligations.

3. In turn, Eurex AG shall -

provide a total refund of trading and clearing fees for contracts in the above-referenced products entered into by Designated Market Makers on their M accounts until December 31st 1999. The settlement of the refund for each month shall take place at the beginning of the respective following month. No refunds of fees shall be made for such contracts traded on the A or P accounts, or in the event of non-fulfilment of quoting obligations.

4. a) The compliance with the obligations pursuant to No. 2 above shall be monitored by Eurex.

b) In the event of our failure to fulfil the obligations pursuant to No. 2 above, Eurex shall be authorised to -

- terminate the agreement and to publish such termination of the Designated Market Maker agreement at the discretion of Eurex. In this case, Eurex shall be released from its duties pursuant to No. 3 above with immediate effect;

5. In the event of material changes to the contract specifications of the contract, or changes of legal provisions or the rules and regulations with respect to the contract, we as well as Eurex shall be entitled to terminate this agreement with immediate effect, or to re-negotiate the requirements as set out in Section 2 above.

6. Eurex, at its sole discretion, shall be authorised to temporarily suspend or expand one or several of the conditions set out within this agreement, if it deems appropriate to do so (for example, upon the occurrence of circumstances resulting in high market volatility, or if no negative impact on the market quality is to be expected as a result of such suspension or expansion). In the event of Eurex suspending or expanding one or several conditions, the Designated Market Makers shall ensure that the notification of the end of such situation can be communicated to them without delay.

7. No special Eurex status beyond the measures set out above shall be granted to the participant upon their appointment as Designated Market Maker, which is limited until December 31st 1999. The title of Designated Market Maker must not be used after the end of the aforementioned period, unless agreed otherwise with Eurex.

To be completed by the person specified pursuant to Section 2. b)

Appendix 4 Application for Admission as Designated Market Maker

Name / Position _____

for Member _____

Telephone No. _____

Fax No. _____

Address _____

_____

_____

Date/Signature _____

Please return the completed application for appointment as Designated Market Maker by fax to the address specified above by September 17th 1999.