X-pand into the Future

e u r e x *circular 083/01*

Date: Frankfurt, 13 August, 2001
Recipients: All Eurex members and vendors
Authorized by: Jür Spillmann

Action Required

Introduction of Dow Jones EURO STOXX^{SM} Sector Index Options

Related Eurex Circulars: 004/01, 010/01

Contact: Christine Heyde (Eurex Product Development): Tel. +49 69-2101-5698
e-mail: Christine_Heyde@exchange.de

Content may be most important for:

➲ All Departments

Attachments:

1. Contract Specifications
2. Market Maker Application - Options
3. Market Maker Quote Obligations – Index Options

Summary:

Following the introduction of Dow Jones (EURO) STOXX^{SM} Sector Index Futures in March this year, Eurex will introduce four options on the market sectors Banks, Healthcare, Technology and Telecommunications , on **24 September, 2001,** based on the corresponding Dow Jones EURO STOXX^{SM} market sector indices.

The circular includes more detailed information under the following headings:

1. Introduction date
2. Products
3. Contract Specification
4. Trading times
5. Transaction Fees
6. Transaction Limits
7. Simulation
8. Dow Jones STOXX^{SM} Index Guide
9. Market Making

Introduction of Dow Jones EURO STOXX^{SM} Sector Index Options

In their meeting of 01 August, 2001, the Management Boards of the Eurex Exchanges made the decision to introduce four options on Dow Jones EURO STOXX^{SM} Sector Indices on **24 September, 2001**.

Following the introduction of Dow Jones (EURO) STOXX^{SM} Sector Index Futures in March this year, the product range will be extended with Dow Jones EURO STOXX^{SM} Sector Index **Options** on the sectors **Banks, Healthcare, Technology and Telecommunications.** The sector index options will be set up in a similar way to the Dow Jones EURO STOXX50^{SM} options.

1. Introduction date

The planned introduction date for all four options is 24 September, 2001 (expiration date of September contracts). On this date, expirations of OCT01, NOV01, DEC01, MAR02, JUN02, SEP02, DEC02 and JUN03 will be available for the new options.

2. Products

The following identification codes apply to the Dow Jones EURO STOXX^{SM} Sector Index Options:

Product	Eurex Code	WKN	ISIN	Underlying Code	Underlying WKN
DJ EURO STOXX^{SM} Banks Option	OESB	792351	DE0007923518	SX7E	965842
DJ EURO STOXX^{SM} Healthcare Option	OESH	792352	DE0007923526	SXDE	965834
DJ EURO STOXX^{SM} Technology Option	OESY	792353	DE0007923534	SX8E	965854
DJ EURO STOXX^{SM} Telecommunications Option	OEST	792354	DE0007923542	SXKE	965856

3. Contract Specifications

The specifications of the Dow Jones EURO STOXX^{SM} Sector Index options are similar to those of the Dow Jones EURO STOXX50^{SM} options (OESX). However, the contract multiplier will be EUR 50.00 per index point and the minimum price change will be 0.10 points. Detailed contract specifications can be found in Attachment 1.

4. Trading Hours

Trading hours for the Dow Jones EURO STOXX^{SM} Sector Index options are as follows

Pre-Trading	Trading	Post-Trading	Exercise until
07.30 – 09.00 CET	09.00 – 17.30 CET	17.30 – 20.30 CET	21:00 CET*

* on the Last Trading Day

5. Transaction Fees

Transaction fees for trades on the A and P accounts will be EUR 0.30 per contract; fees for trades on the M accounts will be EUR 0.15.

6. Transaction Limits

Transaction limits will be the same as those for the Dow Jones EURO STOXX50^{SM} options. The current limits can be found on our web-site “eurexchange.com” under the path ‘ info for members -> manuals -> implementation regulations - transaction limits’ (Category: Other Index Options).

7. Simulation

The Dow Jones EURO STOXX^{SM} Sector Index options can be tested within the scope of the Eurex permanent simulation. The products will be available in the simulation environment from 03 September, 2001.

Eurex Deutschland
D-60485 Frankfurt am Main
www.eurexchange.com

Functional Member Readiness
Tel. +49-69-2101-1700
Fax +49-69-2101-1701

Management Board:
Rudolf Ferscha (CEO), Daniel Gisler
Thomas Lenz, Jürg Spillmann
Michael Widmer

8. Dow Jones STOXX^{SM} Index Guide

A detailed description of the STOXX^{SM} Index family, including the underlyings of the Dow Jones EURO STOXX^{SM} Sector Index options, can be found on the STOXX Ltd. web-site at http://www.stoxx.com/indexes/index_guide.html .

9. Market Making

Eurex is offering interested members the opportunity to participate in regular market making for the EURO STOXX^{SM} Sector Index options. As a market maker, the Eurex member undertakes to respond to quote requests within a defined time period by providing quotes on the bid and ask side, subject to maximum spreads, for a specified minimum number of contracts. In return, Eurex offers reduced transaction fees for contracts executed by the market maker on the M-account. The market maker application form and the market maker quote obligations are contained in Attachments 2 and 3 respectively. Interested members should complete and return the market maker application form by **27 August, 2001** for the attention of Christine Heyde, **Fax: +49 69-2101-4461**.

Further information related to the trading of Dow Jones EURO STOXX^{SM} Sector Index options at Eurex (e.g. margin classes / margin parameters, vendor codes, Mistrade regulations etc.) will be provided in a further circular prior to the introduction date.

Frankfurt, 13 August, 2001

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Contract Specifications

Dow Jones EURO STOXX^{SM} Sector Index Options (Eurex Codes: OESB, OESH, OESY, OEST)

Contract Standard

The **Dow Jones EURO STOXX^{SM} Banks Index** (SX7E) for the DJ EURO STOXX^{SM} Banks Option (OESB);
The **Dow Jones EURO STOXX^{SM} Healthcare Index** (SXDE) for the DJ EURO STOXX^{SM} Healthcare Option (OESH).
The **Dow Jones EURO STOXX^{SM} Technology Index** (SX8E) for the DJ EURO STOXX^{SM} Technology Option (OESY);
The **Dow Jones EURO STOXX^{SM} Telecommunications Index** (SXKE) for the DJ EURO STOXX^{SM} Telecommunications Option (OEST);

Contract Value

EUR 50.00 per respective Dow Jones EURO STOXX^{SM} market sector index point.

Settlement

Cash settlement, payable on the first exchange trading day following the Last Trading Day.

Price Determination

In points, with one decimal place.

Minimum Price Change

0.1 of a point, equivalent to a value of EUR 5.00

Last Trading Day

The third Friday of each maturity month, if this is an exchange trading day; otherwise, the exchange trading day immediately preceding that Friday. Trading in the expiring options series ceases at 12:00 noon CET on the Last Trading Day.

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.

Final Settlement Price

The average of the respective Dow Jones EURO STOXX^{SM} market sector index values calculated between 11:50 a.m. and 12:00 noon CET on the Last Trading Day. The Final Settlement Price is determined at 12:00 noon CET on the Last Trading Day.

Exercise

European style, i.e. an option may only be exercised on the Last Trading Day of the respective option series, up to the end of the Post-Trading Period.

Expiration Months

The three nearest calendar months, the three following months within the cycle March, June, September and December thereafter, as well as the two following months of the cycle June and December thereafter; i.e. options contracts are available with a lifetime of 1, 2, 3, max 6, max 9, max 12, as well as max 18 and max 24 months.

Exercise Prices

Exercise Price intervals for Dow Jones EURO STOXX Sector Index Options are as follows:

Expiration Months with a remaining term up to	Number of Exercise Prices	Exercise Price Intervals, in Index Points
3 months	5	5
12 months	5	10
24 months	5	20

At least five Exercise Prices are introduced initially for each expiration month.

Option Premium

The EUR equivalent of the premium in points is payable in full, on the first exchange trading day following the trade date.

Trading Hours

9:00 a.m. until 5:30 p.m. CET.

Application for the Granting of Market Maker Licenses at Eurex



Eurex

Product Development

60485 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 Licenses 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 Zürich, this application applies to Eurex Zürich as well.

The granting of a Market Maker License is applied for regarding the trading in Option contracts

on equities with the following underlying(s):

☐ AAR (ABN Amro)	☐ BMW (BMW)	☐ EIA (Elisa Communications)	☐ INL (Intel)
☐ ABB2 (ABB)	☐ BNP (BNP Paribas)	☐ EMP (EMC)	☐ INN (ING)
☐ ADEN (Adecco)	☐ CAR (Carrefour)	☐ ENT (ENI)	☐ ISH (Intershop Comm.)
☐ ADS (Adidas)	☐ CBK (Commerzbank)	☐ ENUR (StoraEnso R)	☐ KAR (Karstadt)
☐ AEN (Aegon)	☐ CFR (Richemont)	☐ EOA (E.ON)	☐ KPN (KPN)
☐ AHO (Ahold)	☐ CIBN (Ciba Spezialitäten)	☐ EPC (Epcos)	☐ KUD (Kudelski)
☐ AIX (Aixtron)	☐ CIS (Cisco Systems)	☐ ETV (EM. TV & Merchand.)	☐ LHA (Lufthansa)
☐ ALV (Allianz)	☐ CLN (Clariant)	☐ FME (Fresenius Med.Care)	☐ LIN (Linde)
☐ AOL (AOL Time Warner)	☐ CSGN (Credit Suisse Gr.)	☐ FTE (France Telecom)	☐ LONN (Lonza)
☐ ASG (Generali)	☐ CSO (Consors)	☐ GEC (General Electric)	☐ LOR (L'Oréal)
☐ AVE (Aventis)	☐ DBK (Deutsche Bank)	☐ GIVN (Givaudan)	☐ MAN (MAN)
☐ AXA (AXA-UAP)	☐ DCX (Daimler Chrysler)	☐ HEN3 (Henkel VZ)	☐ MEO (Metro)
☐ BAER (Julius Bär)	☐ DGX (Degussa AG)	☐ HOL (Holcim AG)	☐ MLP3 (MLP Vz.)
☐ BAS (BASF)	☐ DPW (Deutsche Post)	☐ HVM (Bayer.Hypo-.Vereinsb.)	☐ MOB (Mobilcom)
☐ BAY (Bayer)	☐ DRB (Dresdner Bank)	☐ IBM (IBM)	☐ MSF (Microsoft)
☐ BDN (Broadvision)	☐ DTE (Deutsche Telekom)	☐ IFX (Infineon Technologies)	☐ MUV2 (Münchner Rück.)

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☐ NESN (Nestlé)	☐ ROY (Royal Dutch)	☐ SOY (Sonera Corporation)	☐ UBSN (UBS)
☐ NOA3 (Nokia Corporation A)	☐ RPL (UPM-Kymmene Corp)	☐ SRN (Sair Group)	☐ UHRN (The Swatch Group)
☐ NOVN (Novartis)	☐ RUKN (Schweiz. Rückv.)	☐ SSY (Sun Microsystems)	☐ UNAX (Unaxis)
☐ OAG (Orange S.A.)	☐ RWE (RWE)	☐ SULB (Sulzer /Sulzer Medica Basket)	☐ UNI (Unilever)
☐ ORC (Oracle)	☐ SAP (SAP)	☐ SYNN (Syngenta)	☐ VOW (Volkswagen)
☐ PHI1 (Philips St.)	☐ SCH (Schering)	☐ TKA (Thyssen Krupp)	☐ VVU (Vivendi)
☐ PRS (Preussag)	☐ SCMN (Swisscom)	☐ TOI (T-Online)	☐ ZURN (Zurich Allied)
☐ QIA (Qiagen)	☐ SEO (Serono)	☐ TOTB (Total Fina)	
☐ RAN (Rentenanstalt)	☐ SET (Tele. Italia)	☐ TRV (Citigroup)	
☐ ROG (Roche Holding)	☐ SIE (Siemens)	☐ TTEB (TietoEnator Corp.)	

☐ ODAX
Option contracts on the German Stock Index (DAX®)

☐ **OESB**
Option contracts on the Dow Jones EURO STOXX® Banks Index

☐ **OESH**
Option contracts on the Dow Jones EURO STOXX® Healthcare Index

☐ **OEST**
Option contracts on the Dow Jones EURO STOXX® Telecommunications Index

☐ OESX
Option contracts on the Dow Jones Euro STOXX® 50

☐ **OESY**
Option contracts on the Dow Jones EURO STOXX® Technology Index

☐ OEU3
Option contracts on the Three-Month Euribor Future

☐ OFOX
Option contracts on the Finnish Stock Index (FOX®)

☐ OGBL
Option contracts on Euro-BUND Futures

☐ OGBM
Option contracts on Euro-BOBL Futures

☐ OGBS
Option contracts on Euro-Schatz Futures

☐ OGTI
Option contracts on the Dow Jones Global Titans™ 50

☐ ON50
Option contracts on Nemax® 50

☐ OSMI
Option contracts on the Swiss Market Index (SMI®)

☐ OSTX
Option contracts on the Dow Jones 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

Application for the Granting of Market Maker Licenses at Eurex

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

Market Maker Obligations

Dow Jones EURO STOXX^{SM} Sector Index Options.

Banks, Healthcare, Technology, Telecommunications Options (Regular Market Making)

Quote Obligations

Minimum Size: 10 contracts on the bid and ask side in all option series.

Maximum Spread:

Bid up to	Spread
5.3	0.8
53.3	15%
999.8	8

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 1 minute
- with a minimum holding time of 10 seconds

Market Maker Fees: See Price List

Fast Market In the Fast Market state, the maximum spreads will increase by 100% and the minimum contract size will be reduced to 5 contracts.