X-pand into the Future

e u r e x *circular 084/03*

Date: Frankfurt, August 7, 2003
Recipients: All Eurex members and vendors
Authorized by: Jürg Spillmann

1. Changes to Trading Hours in SMI® Products

2. Extension of Maturities and Adjustment of Market Maker Obligations in SMI® Options (OSMI)

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Content may be most important for:

➲ All Departments

Attachments:

1. Extracts from Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Implementation Regulations for the Handling of Erroneous Entries at Eurex Deutschland and Eurex Zürich
3. Contract Specifications in SMI® Options (OSMI)
4. Contract Specifications in SMI® Futures (FSMI)
5. Market Maker Quote Obligations in SMI® Options

Summary:

Due to the interest of the most active trading participants, in their meeting of July 30, 2003 the Management Boards of the Eurex Exchanges made the following decisions which will become effective on August 18, 2003:

1. Changes to the Trading Hours for FSMI and OSMI

Instead of 08:25 CET so far, trading in FSMI and OSMI will start at 09:00 CET as of August 18, 2003, and will end, as before, at 17:20 CET.

2. Extension of Expiration Cycles in OSMI

Effective August 18, 2003, Eurex will extend the maximum maturity of OSMI from currently two years to five years. The following maturities will be available for trading at Eurex as of this date: the three nearest calendar months, the three following months within the March, June, September and December cycle thereafter, the four following months of the June and December cycle thereafter as well as two months of the yearly December cycle. Thus, maturities up to a maximum lifetime of 60 months will be available.

Maximum Spreads and Mistrade Range for the Handling of Erroneous Entries in OSMI

The maximum spreads for quotation on request and permanent quotation in OSMI with maturities of up to 24 months will be reduced in order to improve price quality by means of spreads in line with market conditions. The higher risk for market makers when quoting the extended maturities of 30, 36, 48 and 60 months will be reduced by means of more maximum spreads.

As of August 18, 2003, a significant deviation of the price of the transaction from the Reference Price in the case of OSMI in all maturities is to be presumed, when the amount of the deviation exceeds the maximum spread valid at that time with regard to the Reference Price.

1. Changes to Trading Hours in SMI® Products

2. Extension of Maturities and Adjustment of Market Maker Obligations in SMI® Options (OSMI)

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1. Changes to the Trading Hours for FSMI and OSMI

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The updated version of section 2.17.5 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be published in due time before the introduction of the new series on our web-site "www.eurexchange.com > about eurex > rules and regulations > contract specifications".

Maximum Spreads and Mistrade Range for the Handling of Erroneous Entries in OSMI

The maximum spreads for quotation on request and permanent quotation in OSMI with maturities of up to 24 months will be reduced in order to improve price quality by means of spreads in line with market conditions. The higher risk for market makers when quoting the extended maturities of 30, 36, 48 and 60 months will be reduced by means of additional maximum spreads (see Attachment 5).

As of August 18, 2003, a significant deviation of the price of the transaction from the Reference Price in the case of OSMI in all maturities is to be presumed, when the amount of the deviation exceeds the maximum spread valid at that time with regard to the Reference Price (see Attachment 2).

Frankfurt, August 7, 2003

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1 Part: Contract Specifications for Futures Contracts

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2 Part: Contract Specifications for Options Contracts

2.1 Subpart: Specifications for Options Contracts on Stocks of German Stock Corporations (German Stock Options)

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2.17 Subpart: Specifications for Options Contracts on the Swiss Market Index (SMI Option)

2.17.5 Term, Close of Trading, Expiration Day

(1) Options are available at the Eurex Exchanges with ~~eight~~ terms up to and including the next, the second and the third succeeding expiration days, ~~as well as~~ up to and including the next three succeeding quarterly expiration days (March, June, September, December) ~~thereafter~~, as well as ~~and~~ up to the next ~~two~~ four half-year expiration days (June, December) thereafter and up to the next two succeeding yearly expiration days (December).

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Implementation Regulations for the Handling of Erroneous Entries (Fehleingaben) at Eurex Deutschland and Eurex Zürich

1.1 Pursuant to Subsection 2.6 Paragraph (2) of the Conditions for Trading at Eurex Deutschland and Eurex Zürich

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1.1.2 Conditions

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A significant deviation of the price of the transaction from the Reference Price in the case of options contracts on stocks in German joint stock corporations (German stock options), stocks in Swiss joint stock corporations (Swiss stock options), stocks in Finnish joint stock corporations (Finnish stock options), stocks in Dutch joint stock corporations (Dutch stock options), stocks in Italian joint stock corporations (Italian stock options), stocks in French joint stock corporations (French stock options), stocks in joint stock corporations listed on Neuer Markt (Neuer Markt stock options), stocks in US joint stock corporations (US stock options), the Swiss stock index SMI®, Dow Jones Euro STOXX Sector Indices, Dow Jones STOXX Sector Indices and on exchange-traded shares on index funds is to be presumed when the amount of the deviation exceeds the maximum spread valid at that time with regard to the Reference Price.

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~~A significant deviation of the price of the transaction from the Reference Price in the case of Swiss stock indices is to be presumed when the deviation exceeds 75 per cent of the maximum spread valid at that time with regard to the Reference Price.~~

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Contract Specifications in SMI® Options (OSMI)

Underlying Instrument

The Swiss Market Index (SMI®).

Contract Value

CHF 10 per SMI index point.

Settlement

Cash settlement, payable on the first exchange trading day following the last trading day.

Quotation

In points, with one decimal place.

Minimum Price Change

1 point, equivalent to a value of CHF 10.

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 series ceases at 9:00 a.m. 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 value of the SMI, determined on the basis of the collective prices of the SWX Swiss Exchange opening prices of the SMI component shares 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 quarterly cycle March, June, September and December thereafter, the four following months of the semi-annual cycle June and December thereafter as well as the two following months of the annual cycle December; i.e. options contracts are available with a duration of 1, 2, 3, 6, 9, 12, 18, 24, 30, 36, as well as max. 48 and 60 months.

Exercise Prices

Exercise Price intervals for SMI options are as follows:

Expiration months with a remaining term up to	Number of strike prices	Exercise Price gradations in index points
6 months	9	50
12 months	5	100
60 months	5	200

Each contract month will be introduced with at least five strike prices

Option Premium

The CHF 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 5:20 p.m. CET.

Contract Specifications in SMI® Futures (FSMI)

Underlying Instrument

The Swiss Market Index (SMI®).

Contract Value

CHF 10 per SMI index point.

Settlement

Cash settlement based on the final settlement price, payable on the first exchange trading day immediately following the last trading day.

Quotation

In points, with no decimal places.

Minimum Price Movement

1 point, representing a value of CHF 10.

Contract Terms

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

Last Trading Day

The third Friday of the expiration month, if that is an exchange trading day; otherwise, on the exchange trading day immediately prior to that Friday. Trading in the expiring futures contracts stops at 9:00 a.m. CET on the last trading day.

Daily Settlement Price

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

Final Settlement Price

The value of the SMI®, determined on the basis of the collective SWX (Swiss Exchange) opening prices of the shares contained in the SMI® index on the last trading day.

Trading Hours

9:00 a.m. until 5:20 p.m. CET.

Market Maker Obligations - SMI® Options (OSMI)

Minimum Size:

20 contracts on the bid and ask side in all option series.

Maximum Spreads

Maturity Months
1, 2, 3, 6, 9, 12, 18, 24,

Bid up to (index points)	Maximum Spreads (index points)
0 - 26.6	4.0
26.7 - 266.6	15%
266.7 – 9,999.8	40.0

Maturity Months
30, 36, 48, 60

Bid up to (index points)	Maximum Spreads (index points)
0 - 26.6	8.0
26.7 - 266.6	30%
266.7 – 9,999.8	80.0

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 averaged over a month):

- 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%.