X-pand into the Future

e u r e x *circular 257/06*

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Recipients: All Eurex Members and Vendors
Authorized by: Thomas Lenz

U **High priority**

Sector Index Futures: Extension of Designated Market-Making Scheme

Related Eurex Circulars: 246/05

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Content may be most important for:

- Ü Front Office/Trading
- Ü Middle + Backoffice
- Ü Auditing/Security Coordination

Attachments:

1. Designated Market Maker Quote Obligations
2. Designated Market Maker Application

In light of increasing volumes in sector index futures the Executive Board of Eurex Clearing AG decided in its session on December 13, 2006 to extend the Designated Market Maker program in sector index futures until **December 31, 2007**. For details and parameters of this program please see the attachments.

Existing Designated Market Maker licenses will be extended automatically. Members interested in obtaining a new license, should fill in the attached Designated Market Maker Application and return it to Eurex, attention Christine Heyde, at fax +49-69-211-1 44 61.

Designated Market Maker Scheme for Sector Index Futures

Quote Obligations

Minimum Size: 50 contracts on the bid and ask side.

Maximum Spread:

Product	Eurex Code	Maximum Spread in Index Points
DJ EURO STOXX® Automobiles & Parts Futures	FESA	1,5
DJ EURO STOXX® Banks Futures	FESB	1,5
DJ EURO STOXX® Chemicals Futures	FESC	1,5
DJ EURO STOXX® Oil & Gas Futures	FESE	1,5
DJ EURO STOXX® Financial Services Futures	FESF	1,5
DJ EURO STOXX® Industrial Goods & Services Futures	FESG	1,5
DJ EURO STOXX® Healthcare Futures	FESH	1,5
DJ EURO STOXX® Insurance Futures	FESI	1,5
DJ EURO STOXX® Media Futures	FESM	1,5
DJ EURO STOXX® Construction & Materials Futures	FESN	1,5
DJ EURO STOXX® Food and Beverage Futures	FESO	1,5
DJ EURO STOXX® Retail Futures	FESR	1,5
DJ EURO STOXX® Basic Resources	FESS	1,5
DJ EURO STOXX® Telecommunications Futures	FEST	1,5
DJ EURO STOXX® Utilities Futures	FESU	1,5
DJ EURO STOXX® Travel & Leisure Futures	FESV	1,5
DJ EURO STOXX® Technology Futures	FESY	1,5
DJ EURO STOXX® Personal & Household Goods Futures	FESZ	1,5

Product	Eurex Code	Maximum Spread in Index Points
DJ STOXX® Automobiles & Parts Futures	FSTA	1,5
DJ STOXX® Banks Futures	FSTB	1,5
DJ STOXX® Chemicals Futures	FSTC	1,5
DJ STOXX® Oil & Gas Futures	FSTE	1,5
DJ STOXX® Financial Services Futures	FTSF	1,5
DJ STOXX® Industrial Goods & Services Futures	FSTG	1,5
DJ STOXX® Healthcare Futures	FSTH	1,5
DJ STOXX® Insurance Futures	FSTI	1,5
DJ STOXX® Media Futures	FTSM	1,5
DJ STOXX® Construction & Materials Futures	FSTN	1,5
DJ STOXX® Food & Beverage Futures	FSTO	1,5
DJ STOXX® Retail Futures	FSTR	1,5
DJ STOXX® Basic Resources Futures	FSTS	1,5
DJ STOXX® Telecommunications Futures	FSTT	1,5
DJ STOXX® Utilities Futures	FSTU	1,5
DJ STOXX® Travel & Leisure Futures	FSTV	1,5
DJ STOXX® Technology Futures	FSTY	1,5
DJ STOXX® Personal & Household Goods Futures	FSTZ	1,5

The spread classification will be reviewed on a monthly basis.

Quotation Period:

80 percent of the daily trading period between 09:00 and 17:30 (CET) on a monthly average.

Market Makers will be obliged to supply bid and ask quotes only in the front month contracts until five exchange trading days immediately preceding the last trading day of the front month contract; afterwards, market makers have the choice of quoting the front month or the next contract month.

Designated Market Maker Fees:

January 1, 2007 up to December 31, 2007.
Total refund of trading and clearing fees for contracts traded on M accounts.

Revenue Sharing:

EUR 0.15 per contract of the total volume generated by OTC Block Trades in sector index futures is distributed on a monthly pro-rata basis to the Designated Market Makers.

Application Form - Designated Market Making Scheme

To Eurex
Product Strategy
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Application for the Status of Designated Market Maker in Futures on Sector Indexes

1. We _____
(name of member)

herewith apply for the status of Designated Market Maker in the following contract

Product	Eurex Code	Please tick your interest ü	
DJ EURO STOXX® Automobiles & Parts Futures	FESA	¨ yes	¨ no
DJ EURO STOXX® Banks Futures	FESB	¨ yes	¨ no
DJ EURO STOXX® Chemicals Futures	FESC	¨ yes	¨ no
DJ EURO STOXX® Oil & Gas Futures	FESE	¨ yes	¨ no
DJ EURO STOXX® Financial Services Futures	FESF	¨ yes	¨ no
DJ EURO STOXX® Industrial Goods and Services Futures	FESG	¨ yes	¨ no
DJ EURO STOXX® Healthcare Futures	FESH	¨ yes	¨ no
DJ EURO STOXX® Insurance Futures	FESI	¨ yes	¨ no
DJ EURO STOXX® Media Futures	FESM	¨ yes	¨ no
DJ EURO STOXX® Construction and Materials Futures	FESN	¨ yes	¨ no
DJ EURO STOXX® Food and Beverage Futures	FESO	¨ yes	¨ no
DJ EURO STOXX® Retail Futures	FESR	¨ yes	¨ no
DJ EURO STOXX® Basic Resources Futures	FESS	¨ yes	¨ no
DJ EURO STOXX® Telecommunications Futures	FEST	¨ yes	¨ no
DJ EURO STOXX® Utilities Futures	FESU	¨ yes	¨ no
DJ EURO STOXX® Travel & Leisure Futures	FESV	¨ yes	¨ no
DJ EURO STOXX® Technology Futures	FESY	¨ yes	¨ no
DJ EURO STOXX® Personal & Household Goods Futures	FESZ	¨ yes	¨ no

Product	Eurex Code	Please tick your interest ü	
DJ STOXX® Automobiles & Parts Futures	FSTA	¨ yes	¨ no
DJ STOXX® Banks Futures	FSTB	¨ yes	¨ no
DJ STOXX® Chemicals Futures	FSTC	¨ yes	¨ no
DJ STOXX® Oi8l & Gas Futures	FSTE	¨ yes	¨ no
DJ STOXX® Financial Services Futures	FSTF	¨ yes	¨ no
DJ STOXX® Industrial Goods & Services Futures	FSTG	¨ yes	¨ no
DJ STOXX® Healthcare Futures	FSTH	¨ yes	¨ no
DJ STOXX® Insurance Futures	FSTI	¨ yes	¨ no
DJ STOXX® Media Futures	FSTM	¨ yes	¨ no
DJ STOXX® Construction & Materials Futures	FSTN	¨ yes	¨ no
DJ STOXX® Food & Beverage Futures	FSTO	¨ yes	¨ no
DJ STOXX® Retail Futures	FSTR	¨ yes	¨ no
DJ STOXX® Basic Resources Futures	FSTS	¨ yes	¨ no
DJ STOXX® Telecommunications Futures	FSTT	¨ yes	¨ no
DJ STOXX® Utilities Futures	FSTU	¨ yes	¨ no
DJ STOXX® Travel & Leisure Futures	FSTV	¨ yes	¨ no
DJ STOXX® Technology Futures	FSTY	¨ yes	¨ no
DJ STOXX® Personal & Household Goods Futures	FSTZ	¨ yes	¨ no

for the period from January 1, 2007 until December 31, 2007 in accordance with the terms and conditions stated in the Quote Obligations (Attachment 1).

2. As a Designated Market Maker

   a) we will provide bid and ask quotes on both sides of the market

      - of the minimum number of contracts specified in the quote obligations
      - in compliance with the Maximum Spreads (see Quote Obligations); and
      - for the period of time specified in the Quote Obligations (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract and in response to quote requests)

   b) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this agreement;

   c) we will ensure that a Eurex trading screen and a qualified trader are available for Designated Market-Making; and

   d) we will inform Eurex within one business day in the event that we find ourselves no longer in a position to fulfill these obligations.

3. Eurex will in return

   a) mention the name of the Eurex member with the Designated Market Maker status in advertising and informative material in connection with the contracts;

   b) make Eurex speakers and printed material available for seminars organized by the Designated Market Makers regarding the Sector Index Futures; and

   c) refund all trading and clearing fees for the contracts traded by the Designated Market Makers on M accounts up to December 31, 2007. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made if Sector Index Futures are traded on A or P accounts or if the Quote Obligations are not fulfilled.

   d) distribute EUR 0.15 per contract on a monthly pro-rata basis of the total volume generated by OTC Block Trades in sector index futures

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex.

   In the event that the obligations stated under No. 2 are not met by us, Eurex shall have the right to terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract or due to a revision of the law or rules with respect to the contract, we as well as Eurex have the right to terminate this agreement with immediate effect or to renegotiate the requirements indicated in paragraph 2 and/or in the associated Quote Obligations.

6. Eurex shall have the right to amend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers can also be promptly advised that this situation has ceased to exist.

7. Since the number of Designated Market Makers for the Sector Index Futures is limited, we grant Eurex the right to make the final selection of Designated Market Makers from the applicants.

8. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which expires on December 31, 2007. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

9. The associated Quote Obligations (Attachment 1) are an integral part of this application.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 2. b)

_____
Place, date

_____ _____
Name Position

_____ _____
Phone Fax

_____ _____
(Signature / Stamp of the company) E-mail address

Please send the completed application for the status of Designated Market Maker to the indicated fax number.