X-pand into the Future

e u r e x *circular 309/08*

Date: Frankfurt, December 23, 2008
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Peter Reitz

High priority

Property Index Futures: Introduction of IPD® UK Annual All Property Index Futures

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Content may be most important for:

Ü All departments

Attachments:

1. Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich
2. Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation)
3. Clearing Conditions for Eurex Clearing AG
4. Designated Market Participant Scheme
5. Designated Market Participant Application Form

Summary:

In their session on December 10, 2008 the Management Boards of the Eurex Exchanges passed the following decisions which will become effective on **February 9, 2009**:

1. Introduction of IPD® UK Annual All Property Index Futures Contracts
2. Introduction of a Designated Market Participant Scheme in respect of the IPD® UK Annual All Property Futures Contracts.

Property Index Futures:
Introduction of IPD® UK Annual All Property Index Futures

1. Introduction Date

The introduction will take place on Monday February 9, 2009.

2. Product Codes

Eurex Products		
FUTURES	Code	ISIN
IPD® UK Annual All Property Index Futures	PUKA	DE000A0YKQK2

3. Contract Specifications

The new property index future is based upon the annual total returns of the referenced underlying Investment Property Databank IPD® UK All Property Index. For the detailed contract specifications please refer to Attachment 1 of this document.

Underlying Property Index	IPD® UK Annual All Property Index
Description of Underlying	The IPD® UK Annual Property Index measures un-geared total returns to direct UK property investments. The index is calculated using time-weighted methodology with returns computed monthly and thereafter compounded for the purposes of the annual index construction. The index is value-weighted with each property covered contributing additively and in proportion to its capital employed. IPD® Index and Calculation Guides are available at www.ipd.com (see below)
Contract Period Covered	Each contract will be based upon the total returns of the IPD® UK Annual All Property Index for an individual calendar year.
Contract Expiration Dates	Contracts will expire on the final exchange trading day in March of the year following the individual calendar year covered by that contract. For example the contract for the calendar year 2009 (Cal 09) i.e. the year to December 31, 2009 will expire on March 31, 2010 given that it is an exchange trading day.
Contract Years	The successive five annual contracts are to be available at any time
Settlement	Cash settlement, due on the first exchange trading day after the last trading day
Price Determination	Calculated to two decimal places and commercially rounded to the nearest 0.05
Contract Size/Par Value	Contract has a nominal size of £ 50,000 and a par value of 100
Minimum Price Change/Tick Size	Minimum Price Change is 0.05 which is equivalent to a value (tick) of £ 25

Final Settlement Price	The final settlement price shall reflect the nominal par value of 100 plus the annual Total Return for the IPD® UK Annual All Property Index during the calculation period of one calendar year which is subject to being calculated. The formula is as follows: Final Settlement Price = $100 * [EI_t/EI_{(t-1)}]$ Where: EI_t = Total Returns Index Value at the beginning of the Annual Index Calculation Period $EI_{(t-1)}$ = Total Returns Index Value at the end of the Annual Index Calculation Period. Final settlement price will be determined to three decimal places commercially rounded to the nearest 0.005 or 0.01
Last Trading Day	The last day in March of the year following the period calculated for, if this is an exchange trading day; otherwise the exchange trading day immediately preceding Trading in the maturing contract ceases at 12:00 CET

4. Trading Hours (all times in CET)

	Product ID	Pre-Trading	Continuous Trading*	Post-Trading	OTC Block Trading
IPD® UK Annual All Property Index Futures	PUKA	07:30-08:30	08:30-17:30	17:30-20:30	08:30-18:30

*until 12:00 CET on the Last Trading Day

5. Admission to Block-Trading

The new futures will be admitted to Block-Trading with a block trade size of one contract. Section 9.3 of the General Conditions for Utilization of the OTC Trade Entry Facility has been amended accordingly (please see Attachment 2).

Members who are already registered for Block-Trading and/or Vola-Trading may use the Block Trade Facility for the new index futures without any further action.

Members wishing to participate in the OTC Trade Entry Facilities for the first time should confirm their acceptance of the General Participation Conditions by signing the appropriate form and returning it to Eurex. In addition, where the member firm is a Non-Clearing Member, its General Clearer must sign and return the General Clearer's Declaration Agreement at the same time.

The necessary forms can be found on the Eurex website under the following path:

www.eurexchange.com > Documents > Forms > Trading Derivatives > Single Forms > OTC Trade Entry

6. Designated Market Participant

Eurex enables interested members to be Designated Market Participants for the new IPD® UK Annual All Property Index Futures contracts. As Designated Market Participants, Eurex members will help ensure liquidity by undertaking to develop and promote this market between themselves and their clients. Designated Market Participants providing quotes on the bid and ask side, subject to maximum spreads, for a specified minimum number of contracts will receive advanced fee rebates detailed as at Attachment 4.

In addition, Designated Market Participants will undertake other obligations as to the efficient operation of the market by providing information, such as additional price information and be available for additional price and value verifications at times as requested by Eurex. Designated Market Participants will also agree to be represented at a Eurex working committee on Property Derivatives to be convened at least bi-annually which will focus on the smooth running and efficiency of the market.

In return, Eurex will grant its Designated Market Participants reimbursement part of the transaction and clearing fees for transactions executed until and including **December 31, 2010**. For scheme obligations, please see Attachment 4.

Designated Market Participants will be either 25 percent or 15 percent rebated upon fulfilment of the respective level of obligations (see Attachment 4).

To apply as a Designated Market Participant, please use the form enclosed as Attachment 5.

7. Mistrade Parameters

Mistrade Ranges for the new product will be published on the Eurex website as of the start of trading under:

www.eurexchange.com > Trading > Products

8. Vendor Codes

At the start of trading, vendor codes for the new instruments will be published on the Eurex website under the path:

www.eurexchange.com > Products > Vendor Product Code Search

9. IPD® UK Annual All Property Index Guideline

A detailed description of the IPD® Index family and the underlying instruments of the IPD® UK Annual All Property Index Futures can be found on the Investment Property Databank website under the path:

http://www.ipd.com/OurProducts/Indices/IPDIndexGuide/tabid/935/Default.aspx

Frankfurt, December 23, 2008

1 Part: Contract Specifications for Futures Contracts

[...]

1.11 Subpart: Contract Specifications for Property Index Futures Contracts

The following subpart contains contract specifications for futures contracts on commercial property return indices hereinafter referred to as "Property Index Futures Contracts".

1.11.1 Subject Matter of Contract

(1) A Property Index Futures Contract is a futures contract on a specific property index.

(2) Futures Contracts on the following property indices are available for trading at the Eurex Exchanges. The publications of the respectively indicated institution shall be relevant for the composition, weighting and calculation of the indices:

- IPD® UK Annual All Property Index - All Property Total Returns (Investment Property Databank Limited)

The nominal value of a contract shall be GBP 50,000.

1.11.2 Obligation for Performance

After close of trading, the seller of a Property Index Futures Contract shall pay in cash any difference between the agreed price and the higher final settlement price (Chapter II, Number 2.12.2 of the Clearing Conditions of Eurex Clearing AG). The purchaser of a Property Index Futures Contract shall pay in cash any difference between the agreed price and the lower final settlement price.

1.11.3 Term

For Property Index Futures Contracts, several terms expiring on the final settlement day (subsection 1.11.4 Paragraph 1), each in March for the following five calendar years, are available for trading at the Eurex exchanges.

1.11.4 Last Trading Day, Final Settlement Day, Close of Trading

(1) The last trading day and final settlement day of the Property Index Futures Contracts shall be the last exchange day in the month March of the year in which the term of the futures contract expires (according to Number 1.11.3).

(2) The close of trading of Property Index Futures Contracts on the last trading day shall be 11:00 a.m. CET.

1.11.5 Price Gradations

The price of a Property Index Futures Contract shall be quoted as percentage of their nominal value, with two decimal places. The minimum price change ("Tick") shall be 0.05 points; this represents a value of GBP 25.

1.11.6 Performance, Cash Settlement

(1) The performance day for Property Index Futures Contracts shall be the Exchange day after the final settlement day.

(2) Property Index Futures Contracts shall be performed by cash settlement between the Clearing Members. The competent Clearing Member shall be responsible for handling the cash settlement to the Non-Clearing Members served by it and its own customers; the Non-Clearing Members shall be responsible for handling the cash settlements by Non-Clearing Members to their customers.

[…]

Annex C in relation to Contract Specifications:

Trading Hours Futures Contracts

[…]

Product	Product-ID	Pre-Trading-Period	Continuous Trade	Post-Trading Full Period	OTC Block Trading	Last Trading Day	
–	–	–	–	–	–	Trading until	–
IPD® UK Annual All Property Index Futures	PUKA	07:00 – 08:30	08:30 – 17:30	17:30 – 20:30	08:30 – 18:30	12:00	

All times CET

[…]

[…]

9.3 Eurex Clearing AG has admitted the following products to the Block Trade Facility even if they had been entered within the scope of options strategies or options volatility strategies:

Product	**Minimum number of tradable contracts**
…	
Futures contracts on Exchange-traded Index Funds shares: iShares DAX (DE) (EXSF), iShares DJ EURO STOXX® 50 (EUNF), XMTCH on SMI (XMTF)	1,000
Futures Contracts on IPD® UK Annual All Property Index	1
Futures Contracts on the unrevised harmonized consumer price index of the Eurozone without tobacco goods (Euro Inflations Futures; HICP)	50

[…]

Annex A to the General Conditions for Participation:

OTC Periods of Use Futures-Kontrakte

[…]

Property Index Futures Contracts

Product	Product-ID	OTC Trading
IPD® UK Annual All Property Index	PUKA	08:30-18:30

All times CET

[…]

Clearing Conditions for Eurex Clearing AG

[...]

Chapter II
Transactions at Eurex Deutschland and Eurex Zürich (Eurex Exchanges)

[...]

Part 2
Clearing of Futures Contracts

[...]

2.12 Clearing of Property Index Futures Contracts

The following numbers shall rule the clearing of transactions of Property Index Futures contracts named in Number 1.11 of the Contract Specifications for Futures contracts and Options contracts at Eurex Deutschland and Eurex Zürich.

2.12.1 Procedures in Payment

All payments shall be made directly between the Clearing Members through their accounts at a branch of the German Federal Bank (Deutsche Bundesbank), on the Exchange day following the final settlement day (Number 1.11.4 of the Contract Specifications for Futures contracts and Options contracts at Eurex Deutschland and Eurex Zürich). All Clearing Members shall ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at a branch of the German Federal Bank (Deutsche Bundesbank), or in the account at a branch of the German Federal Bank (Deutsche Bundesbank) of the correspondent bank which has been instructed by the Clearing Member to handle the clearing of the contract.

2.12.2 Final Settlement Price

The final settlement price of the Property Index Futures contracts will be determined by Eurex Clearing AG (pursuant to Number 1.11.4 of the Contract Specifications for Futures contracts and Options contracts at the Eurex Deutschland and Eurex Zürich) on the final settlement day of a contract.

The final settlement price of a Property Index Futures contract shall be determined under inclusion of the index values respectively published by the index provider as at the final settlement day.

In case Eurex Clearing AG does not possess index data underlying a Property Index Futures contract or if, due to other reasons, the final settlement price on basis of the relevant index cannot be determined, Eurex Clearing AG may determine the final settlement price by means of another procedure. The value of a similar index may be used therefore. When choosing an alternative procedure, Eurex Clearing AG shall, as far as possible, take into account the similarity to the original index.

For IPD® UK Annual All Property Futures Contracts, the final settlement price shall be determined in percent; the decimal places shall commercially be rounded to the next possible interval of 0.005, or 0.01, or multiples thereof.

The final settlement price shall reflect a nominal value of 100 plus the Annual Total Return or minus a loss during the calculation period (one calendar year) of the index.

The formular is as follows:
Final Settlement Price = $100 * [EI_t / EI_{(t-1)}]$

EI_t = Total Returns Index Value at the beginning of the Annual Index Calculation Period

$EI_{(t-1)}$ = Total Returns Index Value at the end of the Annual Index Calculation Period

2.12.3 Performance, Delivery

Open positions from the last trading day shall be balanced by means of a net payment credited to or debited from the internal cash clearing account of the Clearing Member. The booking amount shall be calculated on the final settlement day (Number 1.11.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich). Such payment shall equal the difference between the final settlement price of such contract and its daily settlement price of the previous Exchange day, provided that the positions have already existed on the previous day. For positions opened on the last trading day, the booking amount shall equal the difference between the final settlement price and the trading price. The cash settlement pursuant to Clause 1 shall then take place on the performance date; this shall be the Exchange day following the final settlement day.

2.12.4 Default in Payment

Defaults or technical defaults shall be subject to the provisions of Chapter I Number 7.1 or Number 7.2 respectively.

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Designated Market Participant Scheme for Futures on IPD® UK Annual All Property Index

Scheme Obligations

Eurex Code: **PUKA**

To Eurex Market Supervision (Designated Market Participant)

Respond to Daily Pricing Requests	Participant must respond to all Eurex Pricing Requests up to a maximum of two requests per contract per day - within 30 minutes - in a form as agreed between the Designated Market Participant and Eurex (e.g. direct or via a third party vendor) - subject to this information being retained for use by Eurex in its calculations and not being for public dissemination in its original form
Respond to Index Validation Requests	Participant must respond to all Eurex Index Validation Requests up to a maximum of one Validation Request per contract per day - within two hours, or - one hour past close of trading whichever is sooner
Designated Market Participant Fee Rebates	Order Book Trades & Block Trades 15 percent Fee Rebate upon fulfilment of Eurex Market Supervision obligations

In the order book (additional, if prepared to):

Quote provision	Provision of two way quotes for next two succeeding contracts (by maturity) in the series - with a minimum size of 20 contracts on the bid and ask side - with a maximum spread of 1.50 points - during 50 percent of the quotation period of the trading day, from 08:30 a.m. to 17:30 p.m., on a monthly average.

Quote provision during the Periodic Auction	Provision of two way quotes for next two succeeding contracts (by maturity) in the series - with a minimum size of 20 contracts on the bid and ask side - with a maximum spread of 1.50 points Provision of two way quotes for remaining succeeding contracts in the series - with a minimum size of 10 contracts on the bid and ask side - with a maximum spread of 3.00 points
Designated Market Participant Fee Rebates for additionally fulfilling order book obligations	Order Book Trades & Block Trades 25 percent Fee Rebate upon fulfilment of all obligations including fulfilment of Eurex Market Supervision obligations
Fast Market (definition and announcement by the Exchange)	Quote provision maximum spreads will be increased by 100 percent and the minimum quote size will be reduced by 50 percent if applicable a periodic auction will be postponed
Delay or Failure of the Underlying Index	Quote requests may be declined and quote provision suspended until the delay is rectified or the Failed Index is calculated (or re-calculated) subject to the exchanges rules

To Eurex Property Derivatives Product Working Committee

Representative to Eurex Property Derivatives Working Committee	Participant must delegate a representative to participate in the Eurex Property Derivatives Working Committee - to two bi-annual meetings whose dates will be notified at least 30 working days in advance by Eurex - up to two ad-hoc meetings per annum, where such meetings are proposed by either Eurex or a Designated Market Participant and agreed by the majority of Designated Market Participants in a phone-round poll, subject to seven 7 days advance notification

Application Form - Designated Market Participant Scheme

To Eurex
Product Strategy
Stuart Heath/Christian Csomos

Fax no. +44 20 7862 9253

Application for the Status of Designated Market Participant
for IPD® UK Annual All Property Index Futures

1. We _____
(name of member)

herewith apply for the status of Designated Market Participant in

IPD® UK Annual All Property Index Futures Contracts

for the period from **February 9, 2008 until December 31, 2010** in accordance with the terms and conditions stated in the Scheme Obligations.

2. As a Designated Market Participant
   a. we will fulfil the obligations to Eurex Market Supervision by provision of Daily Pricing Requests as specified in the Scheme Obligations (Attachment 4)
   b. we will fulfil the obligations to Eurex Market Supervision by provision of Index Validation Requests as specified in the Scheme Obligations

   and additionally, if prepared to,

   c. we will fulfil the obligation by provision of two way quotes for each of the contracts in the series quote requests
      - for the minimum number of contracts specified in the Scheme Obligations
      - in compliance with the maximum spread specified in the Scheme Obligations; and
      - in compliance with the times specified in the Scheme Obligations.
   d. we will additionally provide bid and ask quotes on both sides of the market during the periodic Auction
      - for the minimum number of contracts specified in the Scheme Obligations
      - in compliance with the maximum spread specified in the Scheme Obligations; and
      - in compliance with the times specified in the Scheme Obligations

3. As a Designated Market Participant

   a. we will give you the name of a manager, and an alternate, who has the authorization and expertise necessary to fulfil the commitments required under the Scheme Obligations to Eurex Market Supervision

   b. we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the Eurex 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 Participants wishing to fulfil obligations 2.b and 2.c above; and

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

4. Eurex will in return:

   a. refund 15 percent of all trading and clearing fees for the contracts traded by the Designated Market Participants on M accounts.

   b. refund 25 prcent of all trading and clearing fees for the contracts traded by the Designated Market Participants additionally fulfilling the obligations 2.b and 2.c above on M accounts .

   c. The refund for the respective month will be calculated at the beginning of the subsequent month. Refunds will be paid in full only if the Scheme Obligations have been fulfilled in the month prior to the one in which they are applicable. No refunds will be made for contracts traded on A or P accounts;

   d. mention the name of the Eurex member with the Designated Market Participant status in advertising and informative material in connection with the contracts, if desired;

   e. make Eurex speakers and printed material available for seminars organized by the Designated Market Participants regarding Property Index Futures, if desired; and

   f. consult the Designated Market Participants as a deliberative body on any proposed material changes to this product and its Contract Specifications, notwithstanding any legal obligations of Eurex, and action the proposed material changes upon advice from those responding Designated Market Participants who deem such changes to be acceptable.

5. 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 Participant status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 4 with immediate effect.

6. 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 No. 2 and/or in the associated Scheme Obligations.

7. 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 Participants, 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 condition(s), the Designated Market Participants must, for their part, ensure that they can be contacted so that they can be promptly advised that this situation has ceased to exist.
8. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Participant status, which expires on December 31, 2010. After that time, the title "Designated Market Participant" can no longer be used unless otherwise agreed with Eurex.
9. The associated Scheme Obligations (Attachment 4) are an integral part of this application.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH PARAGRAPH 4b

_____
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.