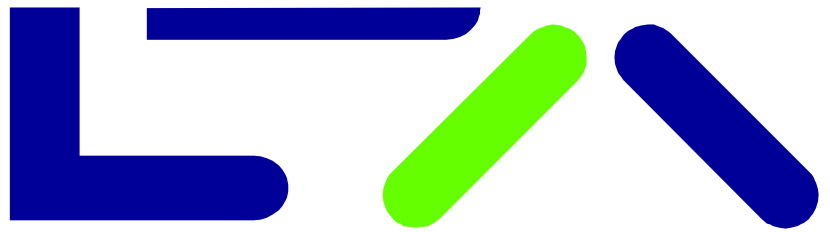


X-pand into the Future



## eurex circular 073/08

**Date:** Frankfurt, April 8, 2008  
**Recipients:** All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors  
**Authorized by:** Peter Reitz

### Equity Options: Change in Random Allocation Algorithm

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**Content may be most important for:**

☞ All departments

**Attachment:**

Modified contract specifications

**Summary:**

The Random Allocation Algorithm for equity options will be changed in order to improve the settlement process.

The change will take effect with the introduction of Eurex Release 11.0 in November 2008.

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### **Change in the Random Allocation Algorithm**

In order to improve the efficiency of the Eurex settlement process for equity options the Random Allocation Algorithm will be amended in the following way:

When a Member exercises a long position in a P or M account there will be a check first whether there is an assignable short position in any other P or M account of this Member. If that is the case, the exercised position will first be netted against the Member's own short position before the remaining exercised position will be allocated by the Random Algorithm.

**Example:**

Member A has the following positions in ALV DEC08 180 Puts:

- M1 long 1000 contracts
- P1 short 700 contracts
- A1 short 300 contracts

The exercise of the long position in the M1 account will lead to the full assignment of the short position in the P1 account. The remaining 300 contracts will then be exercised randomly against all other positions in the market. The customer's position in the A1 account will not be affected by this modification.

This change will be applied to equity options only and will take effect with the introduction of Eurex Release 11.0.

Frankfurt, April 8, 2008

[...]

### 2.1.5 Assignment

- (1) All exercises shall be assigned to the writers of the exercised option series after the end of the Post-Trading Full Period. Assignments shall be binding. Exercises may be assigned to writers throughout the term of the option contract, including on the expiration (subsection 2.1.2).
- (2) The Exchange Participants and Clearing Members affected by any such assignment shall be notified thereof during the morning of the following Exchange day by Eurex Clearing AG.
- (3) Assignments shall be made ~~through by~~ Eurex Clearing AG ~~by a random selection process conducted in accordance with detailed rules. At first, the exercises of an Exchange Participant from principal positions (P- and M-Accounts) in stock options shall hereby be assigned to the assignable principal positions of the same Exchange Participant. The exercises not assignable in this way as well as all other exercises shall be carried out by Eurex Clearing AG on the basis of a procedure that ensures a neutral assignment process. The assignment method shall be communicated to the Exchange Participants. Any change of such method shall become effective only after notice thereof.~~
- (4) All assignments made for the Agent Position Account of an Exchange Participant shall be assigned by such Exchange Participant to the positions of its customers, on the basis of a procedure that ensures the neutrality of the assignment process.
- (5) All assignments made for the Principal Position Accounts or M-position Accounts of an Exchange Participant must be performed by that Exchange Participant and may not be transferred onward to its customers.

[...]

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