

European Processing Potatoes and London Potatoes – New Agricultural Futures at Eurex

On July 20, 2009, we expanded our offering in the commodity segment by agricultural products. The new offering includes futures on European processing potatoes and futures on potatoes for the British market (London Potatoes). In addition, we introduced futures on piglets and hogs.

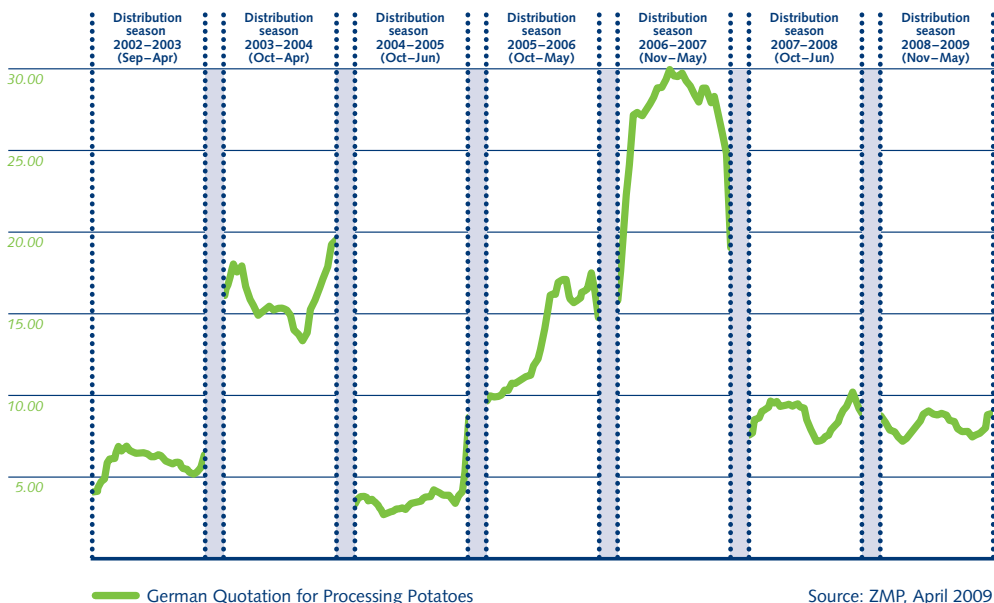
The new futures provide all market participants in the potato market – from producers and dealers down to the processing industry – with an opportunity to reduce the increasing price risks in their business. Investors benefit from the low correlation between commodity markets and traditional asset classes if they use agricultural futures for purposes of broader risk diversification. They can take advantage of both rising and falling price developments in the markets to stabilize or raise profits and yields independently of the capital market development.

Agricultural markets are shaped by global developments:

- Annual population growth of approximately 80 million people
- Rising demand for food in general and animal products and convenience food in particular
- Limited agricultural production areas
- Increased yield fluctuations as a result of climate change

The dynamic nature of the agricultural markets is reflected in the price development for processing potatoes (see following illustration). Strong price volatility is observable especially in poor crop years.

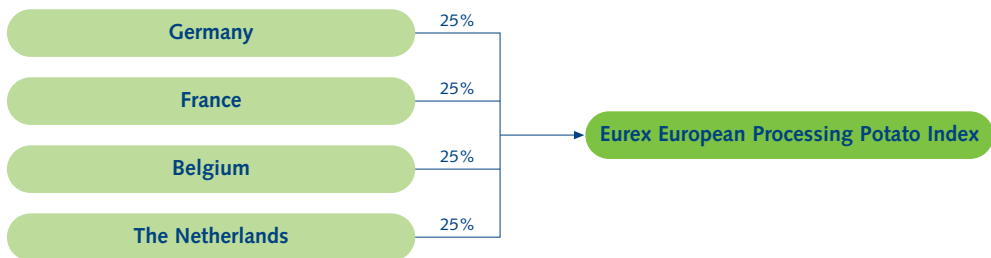
Price Development for Processing Potatoes (in EUR per Quintal)



Price Basis for Eurex European Processing Potato Futures

The futures are settled in cash at maturity. For this fulfillment procedure (cash settlement), a reference price is used that represents the value of physically traded goods (spot market price). For this purpose, both contracts make use of market price indexes, which especially result in increased market transparency.

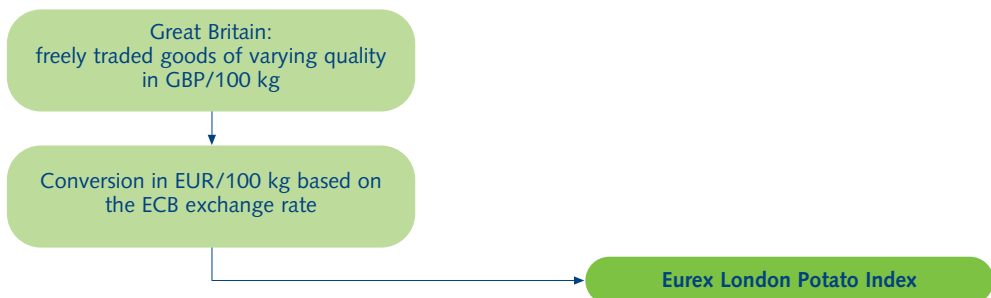
Futures positions on European processing potatoes that are still open after the last trading day are settled against the final settlement price, which equals the Eurex European Processing Potato Index. This is composed as follows:



For index calculation purposes, we refer to acknowledged price determinations in the individual countries. The Eurex European Processing Potato Index represents the arithmetic mean of these four quotations, which show a high level of correlation among each other. The index value and the respective country quotations have a 94 to 98 percent level of compliance. On this basis, hedgers and investors are able to reliably calculate the basic risk. As a result, European Processing Potato Futures provide market participants with a reliable hedging instrument.

Price Basis for Eurex London Potato Futures

The Eurex London Potato Index is based on the average market price “GB-weekly free buy average price”. The latter is determined by the Potato Council and reflects the market price of freely traded goods in Great Britain.



The price, determined in GBP, is converted on the basis of the ECB's current EUR/GBP exchange rate and published in EUR.

Contract Specifications

Futures on	European Processing Potatoes	London Potatoes
Product ID	FEPP	FLPI
Product ISIN	DE000A0Z3068	DE000A0Z3076
Underlying	Eurex European Processing Potato Index	Eurex London Potato Index
Contract Size	250 quintals (25 tons)	
Currency	EUR	
Notation	EUR per 100 kg	
Price Quotation and Minimum Price Change	In points with one decimal place; the minimum price change is 0.1 points, equivalent to a value of EUR 25.	
Contract Months	Up to 24 months: The three nearest successive maturity months of the cycle April, June and November and the following maturity month April thereafter.	Up to 12 months: The next maturity month April.
Last Trading Day	The last exchange day before the final settlement day	
Final Settlement Day	The last Friday of the maturity month; in the maturity month of June, the first Friday of the month.	Wednesday after the third Friday of the maturity month.
Settlement	Cash settlement, difference between the final settlement price and the settlement price of the previous exchange day.	
Final Settlement Price	Value of the relevant index on the Final Settlement Day at 09:30 CET.	

Trading Hours (CET)

Futures on	European Processing Potatoes	London Potatoes
Pre-Trading Period	09:00–09:50	09:00–09:50
Continuous Trading	09:50–16:00	09:50–16:00
Post Trading Full Period	16:00–18:00	16:00–18:00
OTC Trading	10:00–18:00	10:00–18:00
Last Trading Day: Trading Until	16:00	16:00

Service Offering for EFPI-Trading

In general, an Exchange for Physical trade is the exchange of a specified quantity of a cash commodity for an equivalent number of futures, often bilaterally negotiated by two traders having opposite hedged positions that each wants to offset.

With the Exchange for Physicals trade facility (EFPI), participants can enjoy the same benefits of standardized clearing for their EFP-trading as for on-exchange trading. That is, they profit from mitigated counterparty and credit risk.

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For further information please visit www.eurexchange.com.

Reduced Transaction Fees

No trading and clearing fees in July 2009.

50 percent reduction in transaction fees from August to October 2009.

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