



e u r e x c l e a r i n g

Eurex OTC Flexible Contracts

November 2008

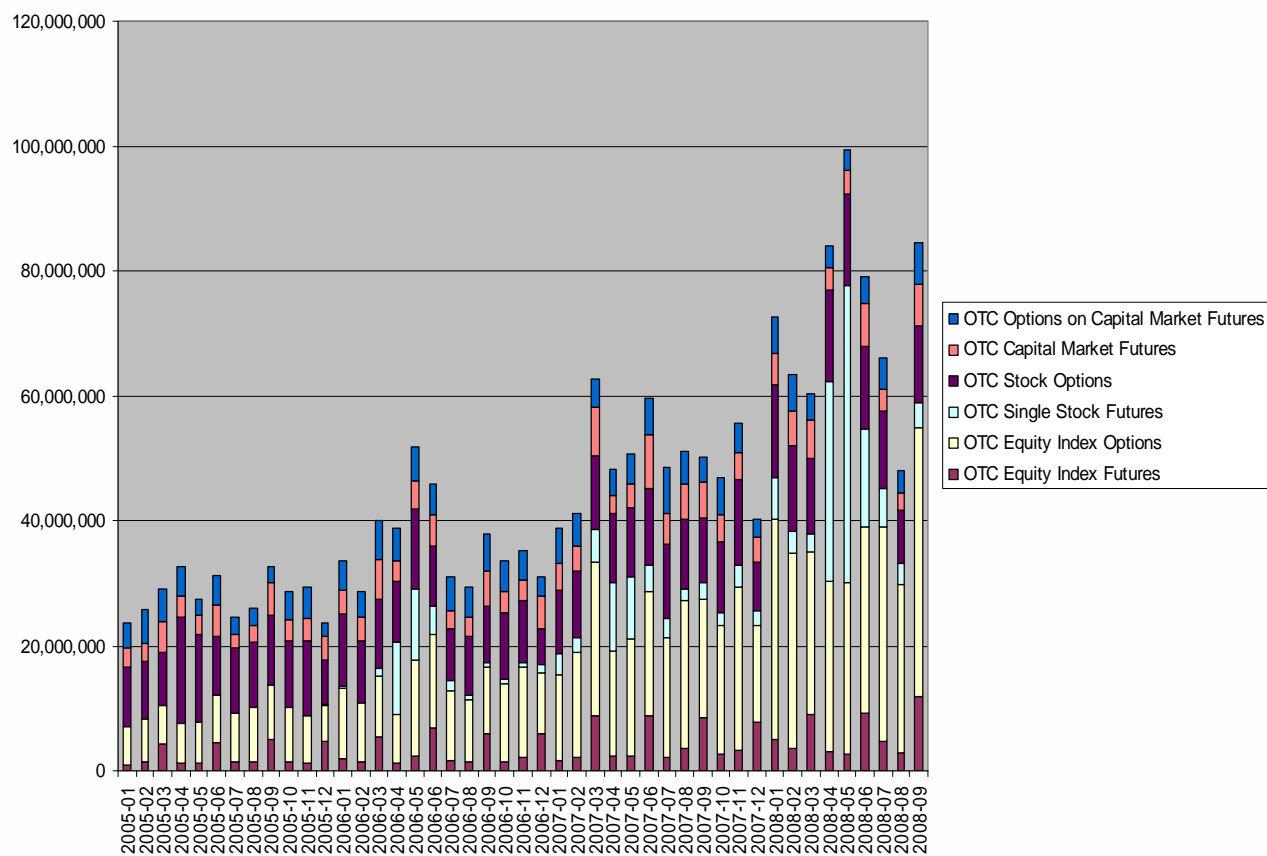
Overview

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1. Overview Eurex OTC Wholesale Trading Facilities (1/2)

- To accommodate customer requests for Wholesale OTC functionalities within the system, Eurex offers a variety of ways to utilize the system for wholesale OTC trading. The following functionalities are currently available to all Eurex members and can be used:
 - Flexible Options and Flexible Futures
 - Block Trades
 - Vola Trades
 - Exchange for Physicals
 - Exchange for Swaps
 - Block Auction Requests

1. OTC Wholesale Trading facilities – Development of contract volume (2/2)



2. Eurex OTC Flexible Contracts Introduction (1/4)

- Eurex clients can trade OTC Flexible Options since Release 8.0 (2005)
- Since release 9.0 Eurex clients can conduct trades in OTC Flexible Fixed Income Options (2006)
- Eurex clients can also trade OTC Flexible Futures (since 28th November 2007) - Release 10.0
- Eurex wholesale OTC trading facilities enable participants to enter off-exchange trades in the Eurex system. OTC Flex trades will not be visible on the Online Time and Sales Sheet (OTSS) for other market participants.

2. Eurex OTC Flexible Contracts Introduction (2/4)

The following Eurex products will be available:

- Options on more than 200 individual equities
- Futures on more than 500 individual equities
- Options on more than 50 Equity indices and Exchange Traded Funds
- Futures on more than 50 Equity indices and Exchange Traded Funds
- Options on Fixed Income Futures
- In a variety of currencies, depending on the product traded, e.g. EUR, CHF, GBP, USD

2. Eurex OTC Flexible Contracts Introduction (3/4)

- The OTC Flexible Options and Flexible Futures functionality meets market requirements and allows users to customize the contract terms yet maintain the security of an exchange traded contract.
- Customers benefit from:
 - Enhanced OTC trading flexibility
 - Anonymity (limited)
 - Fungibility
 - Elimination of counterparty risk
 - Security of trading on a regulated exchange
 - Margin offsets between Flexible and conventional options

2. Eurex OTC Flexible Contracts Introduction (4/4)

- The OTC Flexible Contracts Entry window allows the user to enter, delete, modify, approve, inquire and close an off-exchange Flexible Contracts transaction.
- The OTC flexible Contracts Entry window is accessed from the Wholesale Menu of the main window.
- Trade details are pre-arranged between the initiator and the counterparty.
- The counterparty has to approve the transaction within a time limit defined by Eurex (currently 30 minutes).

3. Flexible Options (1/4)

- Customers can tailor option trades by defining the following parameters:
 - Exercise Price
 - Expiration Month
 - Expiration Day
 - Exercise Style (American or European)
 - Flexible Settlement Type (cash or physical)
- Flexible Options are particularly useful for designing and implementing large-scale equity portfolio hedges with specific time horizons or performance objectives.
- As an example, the options can be used for:
 - Structuring zero-premium collars
 - Establishing synthetic long/short stock positions
 - Creating exit strategies with lower market impact

3. Flexible Options – Choice of Exercise Price, Exercise Style, Expiration Date and Settlement Type (2/4)

Equity Options by Country Segment	Minimum Trade Size	Currency	NEW!		Exercise Style		NEW!
			European	European	American	American	
			Settlement Type				
			Cash	Physical	Physical	Cash	
Austria	250	EUR	X	X	X	X	X
Belgium	250	EUR	X	X	X	X	X
Finland	250	EUR	X	X	X	X	X
France	250	EUR	X	X	X	X	X
Germany	250	EUR	X	X	X	X	X
Italy	250	EUR	X	X	X	X	X
Netherlands	250	EUR	X	X	X	X	X
Russia	250	USD	X	X	X	X	X
Spain	250	EUR	X	X	X	X	X
Sweden	250	EUR	X	X	X	X	X
Switzerland	250	CHF	X	X	X	X	X
U.S.	250	EUR	X	X	X	X	X
Synthetic Product IDs for Flexible Options on Equities							
3rd digit of product code FOLLOWED by 6, 7, 8 or 9			6	7	8	9	
Example: ALV...			ALV6	ALV7	ALV8	ALV9	
Contract Specifications Standard							
Contract Specifications Flexible Products							

Additional Flexible Contract Specifications

Standard Contract Specifications

Flexible Options on Exchange Traded Funds

Options on Exchange Traded Funds	Product ID	Minimum Trade Size	Currency	NEW!		Exercise Style		NEW!
				European	European	American	American	
				Settlement Type				
				Cash	Physical	Physical	Cash	
iShares DJ EURO STOXX 50® Options	EUN2	1,000	EUR	X	X	X	X	X
iShares DAX® (DE) Options	EXS1		EUR					
XMTCH on SMI® Options	XMT		CHF					
Synthetic Flexible Exchange Traded Funds Options IDs								
3rd digit of product code FOLLOWED by 6, 7, 8 or 9			6	7	8	9		
Example: EXS1...			EXS6	EXS7	EXS8	EXS9		

3. Flexible Options – Choice of Exercise Price, Exercise Style and Expiration Date (3/4)

Equity Index Options	Product ID	Minimum Trade Size	Exercise Style	
			European	American
			Settlement Type	
			Cash	Cash
SLI® Options	OSLI	2,000	X	X
DJ EURO STOXX 50® Index Options	OESX	1,000	X	X
DJ STOXX 50® Index Options	OSTX			
TecDAX® Options	OTDX			
SMIM® Options	OSMM			
DAX® Options	ODAX	500	X	X
DivDAX® Options	ODIV			
SMI® Options	OSMI			
DJ STOXX® 600 Index Options	O600	250	X	X
DJ STOXX® Large 200 Index Options	O2LA			
DJ STOXX® Mid 200 Index Options	O2MI			
DJ STOXX® Small 200 Index Options	O2SM			
DJ EURO STOXX® Select Dividend 30 Index Options	OEDV			
MDAX® Options	O2MX			
OMXH25 Options	OFOX			
DJ EURO STOXX® Sector Index Options				
DJ STOXX® 600 Sector Index Options				
DJ Global Titans 50 SM Index Options	OGTI	100	X	X
MSCI Russia Index Options	OMXR			
Synthetic Product IDs for Flexible Options on Equity Indexes				
3rd digit of product code REPLACED by 7 or 8			7	8
Example: OESX ...			OE7X	OE8X
Contract Specifications Standard				
Contract Specifications Flexible Products				

Standard Contract Specifications

Additional Flexible Contract Specifications

3. Flexible Options (4/4)

- To enable partial trade adjustments for Flexible Options the transaction Id will be enhanced by a parent transaction number suffix.
- A trade separation request and a partial close out request will be implemented. The Flexible Options exercise request will be enhanced for partial exercise.
- The exercise price for Flexible Options trades can be defined as a percentage based range above the highest strike price of all maturities or a fixed lower limit below the strike price of standard series for the particular product. No more restrictions of the range for choice by the highest and lowest exercise price of the standard contracts. Due to the introduction of a parent transaction number suffix the following partial trade adjustments will be possible:
 - **Trade separations:** Participants will have the ability to split the total trade into up to twenty individual groupings to allow sub-accounts to share in the same trade.
 - **Partial close outs:** These partial closeouts are only possible if a member owns both the buy and sell side of a transaction. However, they are not possible for subtrades of two different trades.
 - **Partial Exercise:** This features will now allow participants to exercise only a portion of an option position if desired.

4. Flexible Futures (1/4)

- It is possible to trade flexible futures with user defined expiration dates. The expiration date can be any business day starting from the next business day until the longest standard maturity active in the Eurex System.
- Furthermore, the settlement type of the Flexible Futures are flexible (e.g. determined single stock futures can be cash settled or physically delivered)
- All trade maintenance functions which are applicable and available for Flexible Options are available for Flexible Futures.
- The Fee Structure for Flexible Futures is closely related to the existing fee model for OTC entries in Futures and in line with existing Flexible Options pricing for equity - and equity index options.

4. Flexible Futures – Choice of Expiration Date and Settlement Type (2/4)

Flexible Futures on Single Stocks

NEW! Single Stock Futures by Country Segment	NEW! Minimum Flex Futures Trade Size	NEW! Currency	NEW! Settlement Type	
			Cash	Physical
Austria	1	EUR	X	X
Belgium	1	EUR	X	X
Finland	1	EUR	X	X
France	1	EUR	X	X
Germany	1	EUR	X	X
Greece	1	EUR	X	-
Ireland	1	EUR	X	-
Italy	1	EUR	X	X
Netherlands	1	EUR	X	X
Norway	1	EUR	X	-
Russia	1	USD	X	-
Portugal	1	EUR	X	-
Spain	1	EUR	X	-
Sweden	1	EUR	X	-
Switzerland	1	EUR	X	X
U.K.	1	GBP	X	-
Synthetic Product IDs for Flexible Futures on Single Stocks				
3rd digit of product code REPLACED by 4 or 5			4	5
Example: ALVF ...			AL4F	AL5F
Deviation from standard synthetic Product IDs for Flexible Futures on Single Stocks				
4th digit of product code REPLACED				
Example: ALTF ...			ALT4	ALT5

Standard Contract Specifications

Additional Flexible Contract Specifications

4. Flexible Futures – Choice of Expiration Date (3/4)

Equity Index Options	Product ID	Minimum Trade Size	Exercise Style	
			European	American
			Settlement Type	
			Cash	Cash
SLI® Options	OSLI	2,000	X	X
DJ EURO STOXX 50® Index Options	OESX	1,000	X	X
DJ STOXX 50® Index Options	OSTX			
TecDAX® Options	OTDX			
SMIM® Options	OSMM			
DAX® Options	ODAX	500	X	X
DivDAX® Options	ODIV			
SMI® Options	OSMI			
DJ STOXX® 600 Index Options	O600	250	X	X
DJ STOXX® Large 200 Index Options	O2LA			
DJ STOXX® Mid 200 Index Options	O2MI			
DJ STOXX® Small 200 Index Options	O2SM			
DJ EURO STOXX® Select Dividend 30 Index Options	OEDV			
MDAX® Options	O2MX			
OMXH25 Options	OFOX			
DJ EURO STOXX® Sector Index Options				
DJ STOXX® 600 Sector Index Options				
DJ Global Titans 50 SM Index Options	OGTI	100	X	X
MSCI Russia Index Options	OMXR			
Synthetic Product IDs for Flexible Options on Equity Indexes				
3rd digit of product code REPLACED by 7 or 8			7	8
Example: OESX ...			OE7X	OE8X
Contract Specifications Standard				
Contract Specifications Flexible Products				

Standard Contract Specifications

Additional Flexible Contract Specifications

4. OTC Flexible Futures (4/4)

- With Release 10.0, futures on more than 500 equities as well as 50 equity indexes and on ETFs can be customized by individual selection of maturity dates and settlement choices. Furthermore, OTC Flexible Futures can be traded with all system features that counterparties already use within the Flexible Options facility.
- Key parameters for futures to be determined according to the member's individual requirements are:
- **Flexible Maturity** - The participants of an OTC Flexible Futures trade can create their own maturity date for the transaction. Tailored maturity dates can be as early as the next business day or as far out as the maturity date for the most distant corresponding standard future listed on Eurex.
- **Settlement Choice** - Similar to OTC Flexible Options on individual equities, OTC Flexible Futures give participants, in most cases, the ability to negotiate the terms of settlement for Single Stock Futures (cash settlement or physical delivery).
- **Popular System Features** - All system features that counterparties use for OTC Flexible Options are also be available for OTC Flexible Futures.

5. Benefits - Trading Flexible OTC Options & Futures

- Tailor made contracts enable fine tuning of portfolio management.
- Daily Valuation
- Reduction of counterparty risk because of centralised clearing.
- Transactions in Flexible Contracts will be considered within the margin classes of the respective underlying for cross margining purposes.
- Standardised documentation will increase STP rates.
- Strong distribution network with approximately 400 direct members.

Back up

6. Key parameters to suit your individual requirements (2/5)

Please check our website for individual contract specifications details or contact us.

Trading Hours

Please check detailed trading hours on www.eurexchange.com

Contract Size

Equivalent to contract size of Eurex regular series

Settlement

Cash or physical

Exercise Price

Flexible. Not relevant for Flex Futures.

Exercise Style

Options: American or European

Daily Settlement Price

Based on closing price, details see www.eurexchange.com

Last Trading Day

Any business day starting from the next business day until the longest maturity available for the corresponding standard contract.

Flex Trade Minimum Sizes

Identical to the OTC Block Trade Size.

6. Minimum Trading Sizes (3/5)

- The minimum trading size for Flexible Options and for Flexible Futures is identical to the Wholesale OTC block trade size of regular Eurex options and futures. Please find a selection of some products*:
- Equity Derivatives:
 - Single Stock Futures: 1 contract
 - Equity Options: 250 contracts
- Equity Index Options:
 - DJ EURO STOXX® 50 (OESX): 1000 contracts
 - ODAX: 500 contracts
 - DJ EURO STOXX®/STOXX® 600 Sectors: 250 contracts
- You can find a more detailed list of the minimum sizes on the web under the products link in the left hand navigation bar: e.g. for options on Allianz Holding:
- *This can change from time to time, please check Eurex website:
http://www.eurexchange.com/trading/market_model/wholesale/block_trades_en.html

6. New Fee Levels – Overview (4/5)

- Fees for trading Wholesale OTC Flexible option and future products are capped facilitating the cost-efficient entry of large sized trades.
- As of July 1st 2008 significant fee reductions for OTC-transactions in Equity Options apply:
 - Fee caps for Block Trades reduced to 200 EUR* for A-Account Transactions in all Equity - Options, meaning a reduction by 50% for German, Swiss and Scandinavian Equity Options
 - Fee caps for Block Trades on P-Account are reduced to 100 EUR* for all Equity Options, meaning a reduction between 50% and 75%
 - The Multilateral Trade Registration facility allows further cost reductions.
- As of July 1st, 2008 fees for Single Stock Futures are significantly reduced for on exchange order book trading and entries of OTC transactions:
 - Fees for order book trading are reduced for all Single Stock Futures products to 0.20 EUR* per contract. Currently, most Single Stock Futures are priced 0.30 EUR.
 - Fee Caps for Block Trades are reduced to 200 EUR for all Single Stock Futures products, meaning a reduction of 83% for Scandinavian products, 66% for Futures on German and Swiss underlyings and 33% for most of other Single Stock Futures.
- A Further detailed fee structure can be obtained on the Eurex website:
(http://www.eurexchange.com/trading/fees_en.html)

6. New Fee Levels as of July 2008 – Overview (5/5)

	German, Swiss & Scandinavian Equity Options				Other Equity Options			
	A-account	P-accounts	M-accounts (RMM/PMM)	M-accounts (AMM)	A-account	P-accounts	M-accounts (RMM/PMM)	M-accounts (AMM)
Current Fee Caps*	400 €	400 €	80 €	40 €	200 €	200 €	40 €	20 €
New Fee Caps*	200 €	100 €	80 €	40 €	200 €	100 €	40 €	20 €
Caps in No. of Contracts	1.000	500	2.000	2.000	1.000	500	1.000	1.000

* For non EUR-denominated products, converted and rounded amounts in the respective product currency apply

	Scandinavian SSFs		German & Swiss SSFs		Other SSFs	
	Fee per contract**	Fee Cap**	Fee per contract**	Fee Cap**	Fee per contract**	Fee Cap**
Current Fees*	0,60 €	1.200 €	0,30 €	600 €	0,30 €	300 €
New Fees*	0,20 €	200 €	0,20 €	200 €	0,20 €	200 €
Caps in No. of Contracts	-	1.000	-	1.000	-	1.000

* For non EUR-denominated products, converted and rounded amounts in the respective product currency apply

** All accounts

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