



Automated Swiss Primary- and Auction-Market

X-pand into the Future

Tremendous growth in a short time

Automated Swiss Primary- and Auction-Market

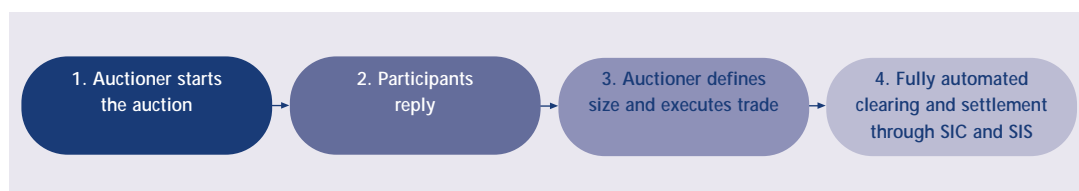
The introduction of a fully electronic primary and issue market represents a further milestone in the modernization of the Swiss financial centre. Auctions of new issues, which have so far been conducted mostly by phone and fax, as well as subsequent trading in the primary market, can now be executed much more efficiently.

In 1797, Goethe used a mechanism known as the "second-price auction" to sell his manuscript for 'Hermann and Dorothea' and to find out how much he was "actually worth" as an author. Copyright on books was practically non-existent in those days. Publishers did all they could to keep print runs and sales figures a secret, in order to avoid paying authors more than a fixed fee per page of manuscript.

Another venerable institution of this kind is the annual wine auction and charity event at the Hospices de Beaune in Burgundy, which goes back to 1859.

Auctions promote economic efficiency, as they make sure that scarce resources go to the highest bidder. If several items of the same lot are being sold at the same time, bids will be made on the basis of a unit price and a set quantity. Normally, there are two ways of arriving at the final price paid: either every winning bidder pays a different unit price, i.e. his or her own bid price (the so-called discriminatory or American allocation), or they pay the same unit price, which is the lowest winning bid (the so-called uniform or Dutch allocation).

Illustration how an auction proceeds



An auction can be completed in just ten minutes or take anything up to one day.

Public sector issues

As first-time users, the Swiss Federal Financial Administration and the Swiss National Bank (SNB) have decided to use this platform for their auctions.

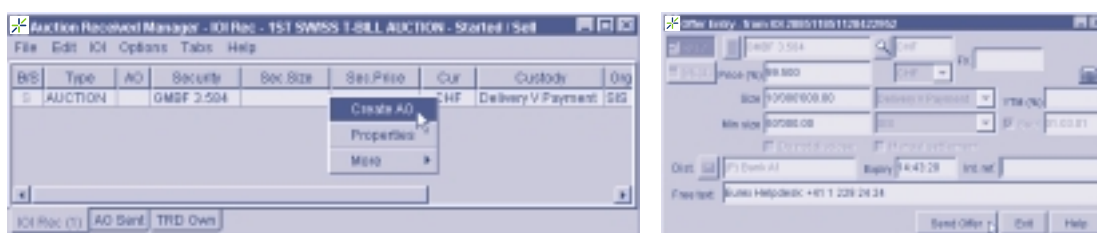
Karl Hug, head of money market and foreign exchange trading at the SNB, comments: "The SNB regularly conducts auctions of registered money market claims and Swiss government bonds via the Eurex Repo trading system. Using the electronic trading system enhances the efficiency of auctions and makes integrated clearing and settlement possible."

Comprehensive service

The electronic trading system supports bond trading in the primary market (the grey market) with a direct tie-in to clearing and settlement. In conjunction with SegalInterSettle AG (SIS) and Swiss Interbank Clearing (SIC) is this fully automated execution offered as a complete value-added chain.

Unique to Switzerland, auctions of new issues and additional issues of existing securities can be carried out by the issuers themselves. Pricing can be in accordance with the Dutch allocation (descending) or the American allocation (ascending). The expanded over-the-counter functionality is aimed primarily at banks, with their large-volume trading. In order to satisfy the requirements of this market, trading may also be conducted anonymously.

Banks and other institutions are able to use this platform already today for their own auctions. The platform can easily be upgraded to handle additional products and markets.



Advantages for the participant

- Participation in First Public Sector Issues are free of charge
- Fast and easy software installation on standard Windows NT PC infrastructure
- Easy and standardised handling
- Guaranteed and fair allocation if the offer is within the set range of prices
- Fully automated execution in conjunction with SegalInterSettle AG (SIS) and Swiss Interbank Clearing (SIC)
- Expandability of the platform for further products and markets

Your direct connection to Eurex

Marketing & Sales

Eurex Zürich AG
Selnastrasse 30
CH-8021 Zürich
T +41-1-229 24 24
F +41-1-229 24 55

Eurex Frankfurt AG
D-60485 Frankfurt/Main
T +49-69-21 01-80 09
F +49-69-21 01-44 77

www.eurexrepo.com

Business helpdesk
e-mail: eurexrepo.funchelp@eurexexchange.com
T +41-1-229-24 24

Technical helpdesk
e-mail: eurexrepo.techhelp@swx.com
T +41-1-229-24 88



Eurex Frankfurt AG
D-60485 Frankfurt/Main

Eurex Zürich AG
Selnastrasse 30
CH-8021 Zürich

www.eurexrepo.com

© Eurex, March 2001

Bestellnummer:
E2E-014-0301

None of the information contained herein constitutes an offer to buy or sell any financial instrument listed on the Eurex. Eurex assumes no liability whatsoever for the completeness or accuracy of the information contained herein, nor for any damages arising from actions taken on the basis of information contained in this or any other publication of the Eurex. The Eurex reserves the express right to change at any time the pricing or composition of its products.

® Eurex and Eurex Repo are registered trademarks of Eurex AG