

e u r e x *media release*

London/ Frankfurt, March 9, 2005

Eurex Repo participants benefit from expanded product and service offering

New CCP functionalities increase straight-through processing/

Additional European bonds admitted to Eurex Repo/

Euro GC Pooling scheduled to start on March 17/

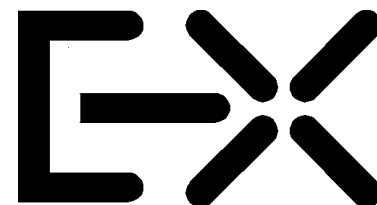
Naas: "Electronic repo trading will gain momentum"

Eurex Repo participants will benefit from an enhanced product and service offering when trading repo. Starting May 23, Eurex Repo participants will profit from increased functionalities in clearing bonds and repo via the Central Counterparty (CCP). This will provide participants trading on Eurex Repo with new and enhanced delivery management functionalities when settling repo transactions. Furthermore, the new Euro GC Pooling® functionality will start on March 17, allowing international trading of a General Collateral Basket with over 9,000 ECB-eligible, fixed-income securities for the first time in Europe. Also, with admission of new European bonds and European bond baskets, Eurex Repo has enhanced the range of deliverable products on its Euro Repo markets since the beginning of March.

"These enhancements make repo trading more secure and efficient for our participants, increasing the attractiveness of our electronic repo markets as a whole," said Marcel Naas, General Manager of Eurex Repo. "We expect that the progress of standardization in trading, clearing, and settlement, together with the rising liquidity in repo trading, will result in electronic repo market places becoming increasingly important for refinancing for banks and financial services providers".

Due to the expansion of the CCP, participants using Eurex Repo and the international bond trading platform Eurex Bonds will benefit from new and enhanced functionalities such as settlement netting, shaping, and for the first time a new graphic user interface. Settlement netting facilitates the reduction of settlement volumes and delivery instructions, reducing in particular the number of cross-border settlements. This in turn will boost settlement efficiency for participants. By offering a so called shaping functionality, large transactions are divided into an equal number of standardized delivery instructions to guarantee a smooth settlement process. In addition to a file-based interface, participants are also provided with a graphic user interface for delivery management. This grants more flexibility to participants in managing their open delivery positions.

X-pand into the Future



Eurex Clearing acts as the CCP for trading on Eurex, Eurex Repo, Eurex Bonds, the pan-European trading platform Xetra, the Frankfurt Stock Exchange (FWB), and in future the Irish Stock Exchange, as well.

As already announced, Eurex Repo is scheduled to launch its new product, Euro GC Pooling®, on March 17. Euro GC Pooling will allow Eurex Repo to offer cash-driven, international trading of a General Collateral Basket with over 9,000 ECB-eligible securities. Eurex Repo will therefore be able to raise efficiency in the trading and collateral management of collateralized money market transactions and to help repo market participants optimize their use of collateral.

Eurex Repo has been admitting new European bond baskets for euro repo trading since the start of March, increasing flexibility for Eurex Repo participants with respect to the selection of deliverable securities. Market participants may also choose from three new segments. The new Agency Basket includes euro-denominated bonds from the European Investment Bank, and the European Covered Bond Basket comprises “Cédulas Hipotecarias”, “Obligations Foncières” and HBOS (bonds from Halifax Bank of Scotland). The new Austrian Basket contains Austrian government bonds. Until now, three baskets – the German General Collateral (euro-denominated debt instruments from the Federal Republic of Germany), the German Jumbo General Collateral (*Jumbo Pfandbriefe* from German issuers and asset-covered securities) and the KfW/Laender General Collateral Basket – were available to Euro Repo participants.

Note to editorial staff:

“Repo” (securities repurchase agreement) is used to describe a transaction whereby the borrower sells securities to the lender in the form of high-quality, fixed-income securities. Repo transactions via electronic trading platforms are becoming more and more important, increasingly replacing unsecured loans with terms of up to one year in interbank trading. The increasing significance of repo trading can be attributed to the elimination of default risks, due to collateralization with fixed-income securities and reduced costs in terms of own funds requirements.

Eurex Repo (www.eurexrepo.com) is one of the leading electronic repo markets, and operates the Swiss Franc and Euro Repo Markets. The Swiss Franc Market was launched in 1999, with the Euro Market following in 2001. Eurex Repo is a 100-percent subsidiary of Eurex, the world’s largest derivatives exchange.

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