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## Equity Index Derivatives

# Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures (FESX)

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## Equity Index Derivatives – Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures (FESX)

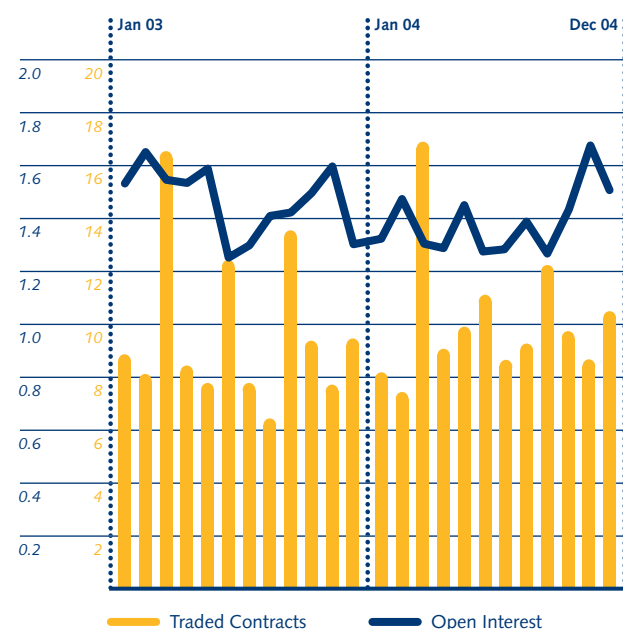
Dow Jones EURO STOXX<sup>SM</sup> 50 Index derivatives are the world's leading euro-denominated equity index derivatives. They are excellent tools for hedging or enhancing returns on equity portfolios and for making use of arbitrage opportunities. Furthermore it is possible to cover the whole euro-denominated investment sector with one single futures contract.

Over the last two years monthly volumes in Futures and Options on the Dow Jones EURO STOXX<sup>SM</sup> 50 Index have steadily increased. Roughly 20 percent of the volume in Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures in 2004 were contributed by U.S. participants. This underlines the worldwide acceptance of Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures as a pan-European leading instrument.

By the end of 2004, over 121 million contracts changed hands, an increase of more than five million contracts over the previous year. At the end of December 2004, open interest stood at approximately 1.5 million contracts. In December more than ten million contracts were traded in total.

In addition, Eurex currently lists stock options on 44 of the Dow Jones EURO STOXX<sup>SM</sup> 50 Index's component shares, which constitute roughly 86 percent of the index's total market capitalization. This makes Eurex the exchange of choice to trade and clear pan-European equity and equity index products.

## Traded Contracts & Open Interest (in Millions): January 2003 – December 2004



## Definition and Calculation of the Index

The benchmark Dow Jones EURO STOXX<sup>SM</sup> 50 Index charts the top 50 blue chip stocks from the twelve countries participating in the European Monetary Union. It is weighted according to the free float market capitalization of each component stock (capped at ten percent) and its value is updated and disseminated every 15 seconds.

For more detailed information on the index composition of the whole suite of Dow Jones STOXX<sup>SM</sup> Indexes on which Eurex's derivatives are based, please refer to the STOXX<sup>SM</sup> website [www.stoxx.com](http://www.stoxx.com).

## Contract Specifications Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures (FESX)

Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures have a contract value of EUR 10 per index point. The minimum price change is one point, which is equivalent to a value of EUR 10. There are contracts available for the three successive quarterly months within the March, June, September and December cycle. The Last Trading Day for Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures is the third Friday of each contract month, if this is an exchange trading day.<sup>1</sup> Trading hours of Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures are from 09:00 to 20:00 CET. On the Last Trading Day, trading ceases at 12:00 CET.

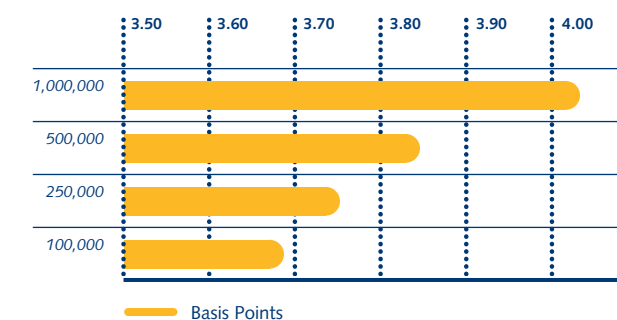
## Liquidity in Dow Jones EURO STOXX<sup>SM</sup> 50 Futures

Investors benefit from excellent liquidity in Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures: the spread between the best bid and the best ask price, with an average of 1,000 contracts available per side, for the shortest expiration (front month) is usually one tick only – this is the equivalent of one index point.

The liquidity in futures can be measured in basis points, which takes into consideration market width, market depth as well as immediate order execution. The opening and closing of a position in Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures with a nominal volume of EUR 250,000 (approximately 10 futures contracts) creates implicit costs of 3.75 basis points. Quadrupling the nominal volume to EUR 1 million leads to implicit costs of 4.1 basis

points. This shows that even bigger positions of Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures can be traded immediately without significant effect on the best bid/ask prices.

## Implicit Costs



## Further Information

For further information on how to trade and hedge with Dow Jones EURO STOXX<sup>SM</sup> 50 Index Futures, please refer to the Eurex website [www.eurexchange.com](http://www.eurexchange.com).

All published data as of the end of December 2004.

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<sup>1</sup> If the third Friday is not an exchange trading day, the Last Trading Day will be the exchange trading day prior to the third Friday.