

The Derivatives Market of the Vienna Stock Exchange

wiener  borse.at



Hedging and Optimizing Your Investments

derivatives market.at – The Derivatives Market on the Vienna Stock Exchange

Trading in futures and options represents an ideal supplement to investing in securities on the Vienna Stock Exchange. The Austrian futures and options exchange was founded in Vienna in 1991 and today, it is operated under derivatives market.at as an important market segment of the Vienna Stock Exchange.

Since 1991, investors have been able to trade in futures and options on Austrian securities as well as Austrian and CEE indices. Among other advantages, derivatives permit investors to hedge their investments against price losses. Moreover, derivative financial instruments enable investors to exploit market opportunities in any market situation. These contracts can be binding for both parties (futures) or just document the right of the buyer to buy or sell a specific instrument (options).

Quality Features of derivatives market.at

- Fully electronic trading platform (OMex)
- Uniform contract specifications
- Daily margin calculation
- Standardized combinations and for longer maturities
- All derivatives for CEE markets are available in a single trading system, with one currency and one clearing house
- Simplified risk management of positions by including the exchange rates in the index calculation for CEE products
- Clearing in line with international standards

Derivatives Trading

The trading system used on the Vienna Stock Exchange for the derivatives market as well as the clearing and settlement process are in line with the highest international standards. Trading on the derivatives market takes place via the fully electronic OMex system operated by OM Systems. Various market participants have assumed the obligation to provide quotes for the derivatives and enter binding bid and ask prices into the order book during the entire trading session. This ensures permanent trading. The OMex trading system ranks the orders received according to price and time priority. Orders that can be matched are executed and are forwarded for settlement.

Trading Participants

As at December 2008, there were 90 trading members of which 64% were from outside of Austria. They issue securities and engage in agent trading and proprietary (nostro) trading.

The following legal entities may become members:

- Credit institutions from EEA member states or based in a third country
- Investment firms from EEA member states and recognized investment firms based in a third country
- Local companies from EEA member states and companies based in a third country

Memberships is granted for the following areas:

- Trading in stocks, bonds and warrants
- Trading in options and financial futures contracts
- Settlement of stock exchange transactions concluded in securities
- Settlement of stock exchange transactions concluded in options and financial futures contracts

Simple Market Access

Wiener Börse offers its members various possibilities for technically accessing the derivatives market. Apart from a direct link via a leased line, members also have the option of sending their orders to the stock exchange in FIX format. Moreover, the Brokernet trading platform, which was designed for smaller financial institutions seeking to become members of the Vienna Stock Exchange, offers low-cost and simple Internet access to the derivatives market.

Free Membership

Members of the cash market do not have to pay any extra membership fees for the derivatives market.

Schedule of Fees

The transaction fee for all futures and options is EUR 1 per contract traded.

What are the Advantages of Derivative Financial Instruments

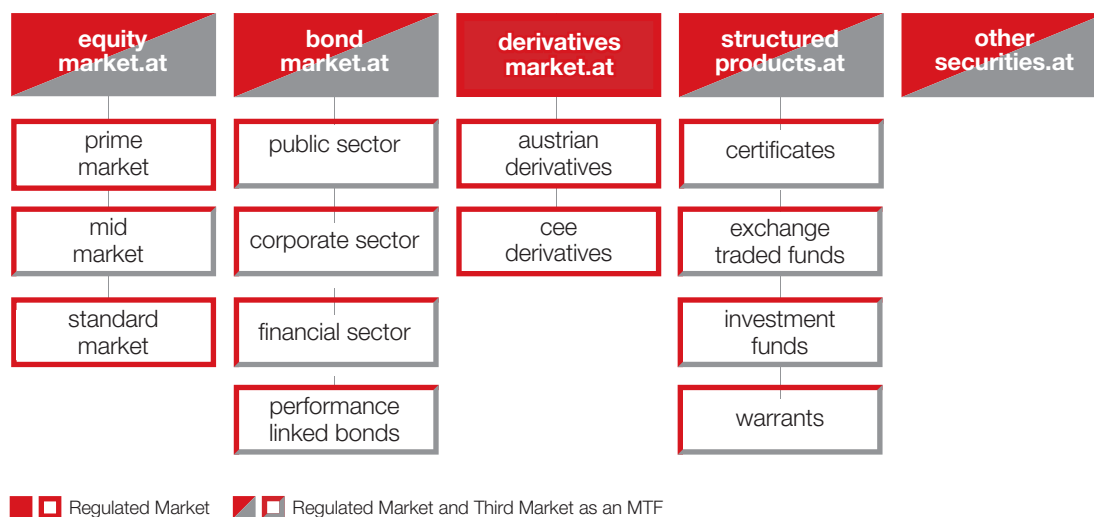
- With the right strategy, futures and options can be used to make a profit in any market situation, even if prices go up or just stagnate.
- Requiring just a small amount of capital, derivative products can be used to attain the same objectives over the short term as an investment in securities.
- A special feature of options is the leverage effect: slight shifts in stock prices or indices can trigger significant changes in the value of options. This means bigger gains under the right market conditions, while losses are limited to the option premium.
- Exchange-traded futures and options allow investors to close out positions at any time.
- Derivative financial products are used to hedge security portfolios against price losses: they make risk management flexible and allow investors to “freeze” gains. Futures and options on indices allow investors to apply this possibility to diversified stock portfolio as well.
- A single transaction can cover many indices and thus reflect the view of the entire market. A successful strategy means that it is often easier to assess the overall market than to arrive at a detailed expectation regarding an individual security.
- Short positions in derivative instruments are possible at all times.
- Exchange-traded derivatives deals are cleared through CCPA, which acts as the central counterparty for every transaction, thus ruling out counterparty risk unlike the situation in OTC trading. Moreover, holders of derivatives always have precisely valued positions due to daily margining.

derivatives market.at – A Market Segment on the Vienna Stock Exchange

Market Segmentation Designed for Customers

Trading on the Vienna Stock Exchange is divided into the cash market and the derivatives market. Investors can choose from five market segments: equity market.at (equities), bond market.at (bonds), derivatives market.at (futures and options), structured products.at (certificates, exchange-traded funds, investment funds and warrants) and other securities.at.

The market segmentation is organized by product group, liquidity, type of market making (market makers or specialists) and the legal admission criteria.



The market segmentation does not take into account if a financial instrument is admitted to trading on a regulated market (Official Market or Second Market) or if it is traded on a multilateral trading facility (Third Market). The instruments traded on the prime market, the standard market and the derivatives market are exclusively shares, certificates representing shares, and options and financial futures contracts admitted to listing on a regulated market. All other market segments may include financial instruments admitted to listing on a regulated market as well as financial instruments included in trading on the Third Market as an MTF.

The CECE Composite Index comprises the country indices CTX, HTX and PTX, which consist entirely of highly capitalized and liquid blue chips. The CECE was designed as a tradable index and serves as an underlying instrument for futures. Trading is in euros.

CTX – The Czech Traded Index contains the most attractive and actively traded Czech stocks and serves as an underlying instrument for futures and options. Trading is in euros.

PTX – The Polish Traded Index contains the most attractive and actively traded Polish stocks and serves as an underlying instrument for futures and options. Trading is in euros.

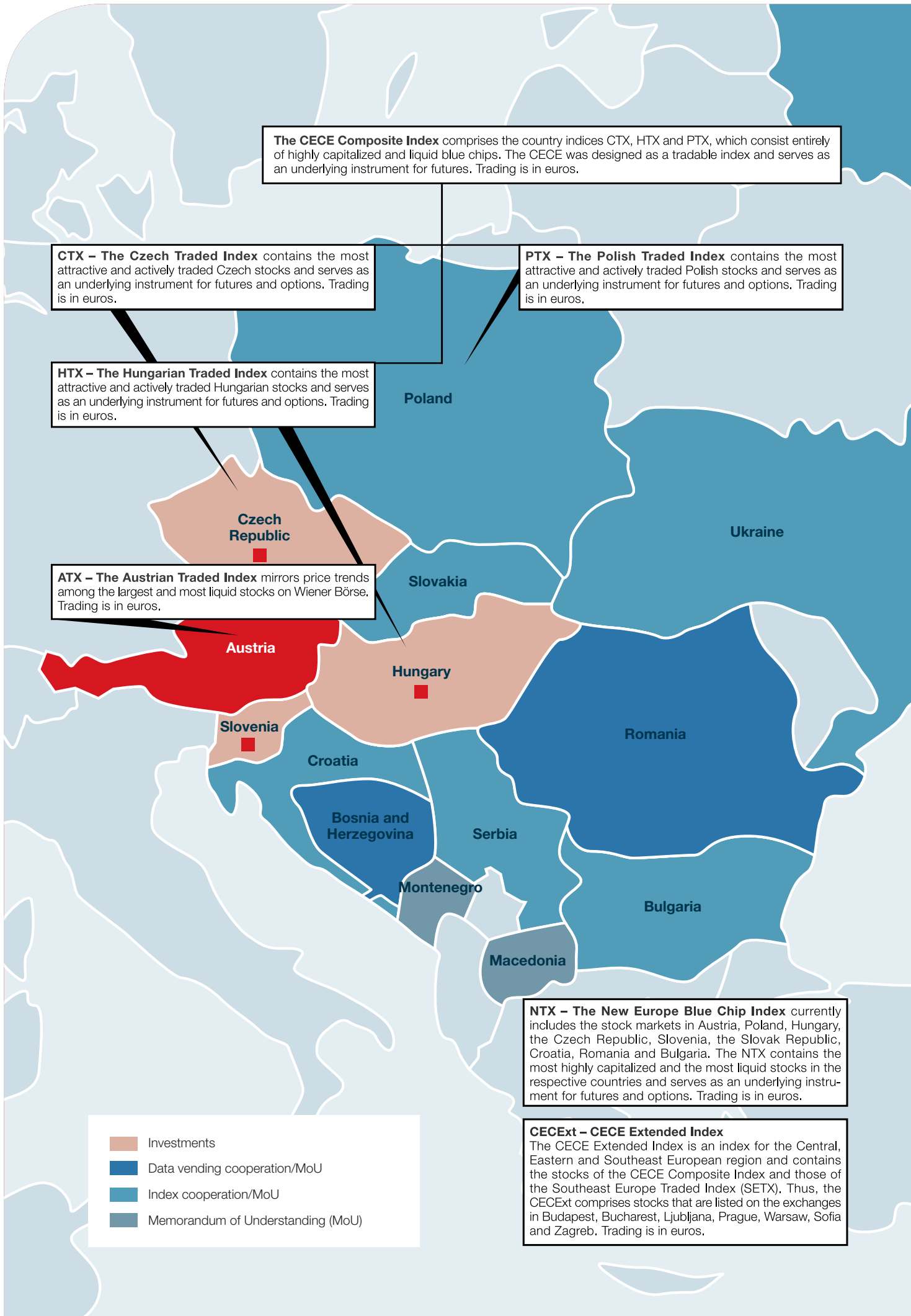
HTX – The Hungarian Traded Index contains the most attractive and actively traded Hungarian stocks and serves as an underlying instrument for futures and options. Trading is in euros.

ATX – The Austrian Traded Index mirrors price trends among the largest and most liquid stocks on Wiener Börse. Trading is in euros.

NTX – The New Europe Blue Chip Index currently includes the stock markets in Austria, Poland, Hungary, the Czech Republic, Slovenia, the Slovak Republic, Croatia, Romania and Bulgaria. The NTX contains the most highly capitalized and the most liquid stocks in the respective countries and serves as an underlying instrument for futures and options. Trading is in euros.

CECEExt – CECE Extended Index
The CECE Extended Index is an index for the Central, Eastern and Southeast European region and contains the stocks of the CECE Composite Index and those of the Southeast Europe Traded Index (SETX). Thus, the CECEExt comprises stocks that are listed on the exchanges in Budapest, Bucharest, Ljubljana, Prague, Warsaw, Sofia and Zagreb. Trading is in euros.

- Investments
- Data vending cooperation/MoU
- Index cooperation/MoU
- Memorandum of Understanding (MoU)



RTX – The Russian Traded Index contains the most attractive and actively traded Russian stocks and serves as an underlying instrument for futures and options. Trading is in USD.

RDX – The Russian Depository Index contains the most actively traded depository receipts that are traded on the London Stock Exchange and serves as an underlying instrument for futures. Trading is in euros and USD.

Russia

Kazakhstan

AUSTRIAN DERIVATIVES

Index Futures and Options			
ATX			
IATX – Real Estate ATX			
ATX Five			
Single Stock Futures			
AUA	Intercell	RHI	Vienna Insurance Group
BWT	Mayr-Melnhof	Schoeller-Bleckmann	Verbund
Erste Bank	Österr. Post	Strabag	voestalpine
EVN	OMV	Telekom Austria	Wienerberger
Flughafen Wien	Raiffeisen International	Uniqqa	
Stock Options			
Agrana	Intercell	Schoeller-Bleckmann	Verbund
AUA	Mayr-Melnhof	Semperit	voestalpine
BWT	Österr. Post	Strabag	Wienerberger
Erste Bank	OMV	Telekom Austria	Wolford
EVN	Raiffeisen International	Uniqqa	
Flughafen Wien	RHI	Vienna Insurance Group	

*As at January 2009

CEE DERIVATIVES

CEE Index Futures	
CECExt – CECE Extended Index (Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovenia)	
CECE – CECE Composite Index (Czech Republic, Hungary, Poland)	
CTX – Czech Traded Index (Czech Republic)	
HTX – Hungarian Traded Index (Hungary)	
PTX – Polish Traded Index (Poland)	
NTX – New Europe Traded Index (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia)	
RTX – Russian Traded Index (Russia)	
RDX – Russian Depository Index (Russia)	
CEE Index Options	
CTX – Czech Traded Index (Czech Republic)	
HTX – Hungarian Traded Index (Hungary)	
PTX – Polish Traded Index (Poland)	
NTX – New Europe Traded Index (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia)	

*As at January 2009

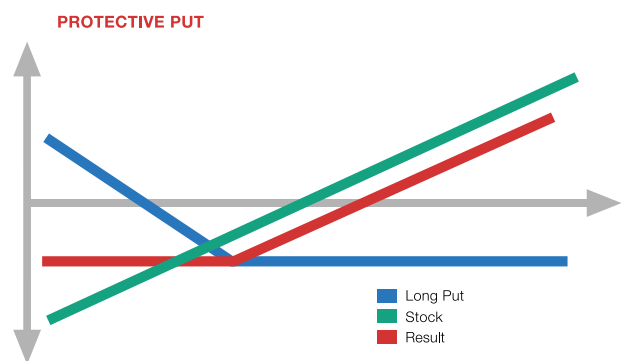
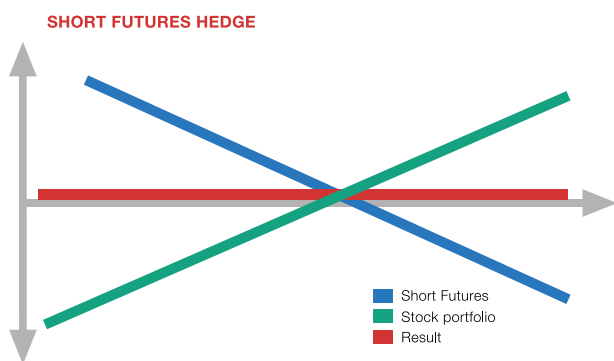
Trading Strategies for Derivative Instruments on the Vienna Stock Exchange

Individual Strategies for Individual Portfolios

The derivatives market on Wiener Börse offers investors suitable instruments for their individual investment strategies and portfolios.

Supposing an investor has a portfolio comprised of Austrian blue chips that has already yielded sizeable profits and wants to eliminate any price risk for a certain period. The investor may decide, e.g., to sell futures to hedge against price losses. Depending on the composition of the portfolio, ATX futures, ATX five futures or single stock futures may be used for this purpose.

Another way of hedging profits or limiting losses is to buy puts as protection against falling prices. Depending on the features of the portfolio, ATX options, ATX five options or stock options may also be used.



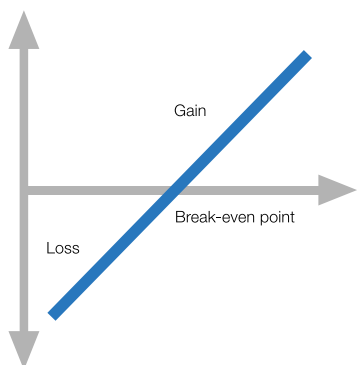
CECE – Diversified investments in Eastern Europe

The CECE Index is a multi-country Eastern European index, which contains the Hungarian (HTX), Czech (CTX) and Polish (PTX) Indices and is calculated by Wiener Börse. The CECE Index is well established in the market and also serves as an underlying for derivatives on Wiener Börse's derivatives market. Supposing an investor anticipates an upturn in the markets contained in the CECE Composite Index (Poland, Czech Republic, Hungary) and decides to buy CECE futures (1).

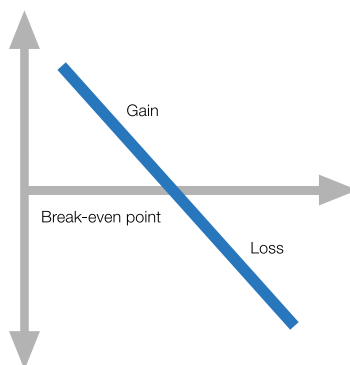
In such case, CECE futures offer the investor the opportunity to avoid expensive investments, while at the same time enabling the investor to benefit from rising prices. If, during the period of the investment, the decision is taken to remove the Czech Republic from the portfolio, then a CTX futures can be sold (2), thus allowing a long investment in Poland and Hungary alone (3).

The standardized derivatives of the Vienna Stock Exchange offer the possibility of investing simply and in accordance with international standards in futures and options in CEE countries or in the region.

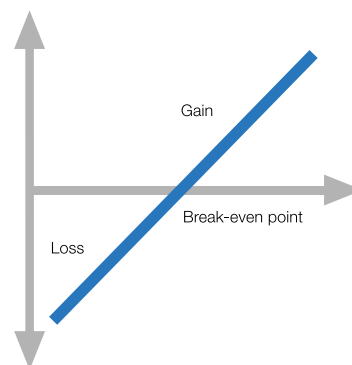
(1) CECE long = CTX, HTX und PTX long



(2) CTX short



(3) HTX und PTX long



Trading Specifications at a Glance – derivatives market.at

austrian derivatives	cee derivatives								
<p>Trading hours Continuous trading: 9:00 - 17:40 hrs</p>	<p>Trading hours Continuous trading: 9:00 - 17:00 hrs and 09:00 – 17:40 hrs (NTX)</p>								
<p>Exercise times for index derivatives 17:50 – 18:45 hrs</p> <p>Exercise hours for stock options During the life of the options: 17:50 – 18:00 hrs On the last trading day: 17:50 – 18:45 hrs</p>	<p>Exercise times for index derivatives 17:15 – 17:30 hrs and 17:50 – 18:45 hrs (NTX)</p>								
<p>Final trading day The third Friday of every month</p>	<p>Final trading day The third Friday of every month</p>								
<p>Settlement price calculation Noon auction from 12.00 - 12.05 hrs</p>	<p>Settlement price calculation Price determination from 11.00 to 13.00 hrsr</p>								
<p>Contract values</p> <table> <tr> <td>Index derivatives</td> <td>10 EUR per index point</td> </tr> <tr> <td>Stock derivatives</td> <td>50 shares</td> </tr> <tr> <td>Single Stock Futures</td> <td>100 shares</td> </tr> </table>	Index derivatives	10 EUR per index point	Stock derivatives	50 shares	Single Stock Futures	100 shares	<p>Contract values</p> <table> <tr> <td>Index derivatives</td> <td>10 EUR and USD per index point</td> </tr> </table>	Index derivatives	10 EUR and USD per index point
Index derivatives	10 EUR per index point								
Stock derivatives	50 shares								
Single Stock Futures	100 shares								
Index derivatives	10 EUR and USD per index point								
<p>Fulfillment</p> <table> <tr> <td>Index derivatives</td> <td>Cash settlement</td> </tr> <tr> <td>Stock options</td> <td>Physical delivery</td> </tr> <tr> <td>Single Stock Futures</td> <td>Cash settlement</td> </tr> </table>	Index derivatives	Cash settlement	Stock options	Physical delivery	Single Stock Futures	Cash settlement	<p>Fulfillment</p> <table> <tr> <td>Index derivates</td> <td>Cash Settlement</td> </tr> </table>	Index derivates	Cash Settlement
Index derivatives	Cash settlement								
Stock options	Physical delivery								
Single Stock Futures	Cash settlement								
Index derivates	Cash Settlement								
<p>Market making Provision of additional liquidity by at least one specialist, additional market makers possible</p>	<p>Market making Provision of additional liquidity by at least one market maker</p>								

Settlement, Final Clearing, Fulfilment

State-of-the-art clearing through CCP.A

Since January 31, 2005, all derivatives market transactions have been settled through the CCP.A (Central Counterparty Austria). From a legal viewpoint, this means entry of the CCP.A as a contractual partner into the security transaction and the assumption of counterparty risk. A multi-level risk management system has been implemented in order to offer all market participants this high degree of security. This includes credit assessment, daily position evaluation and an additional clearing fund with joint liability, which is borne by all the participants.

Every trading participant must either join the CCP.A as a direct clearing member or as a non-clearing member and may have the transactions cleared and settled through an existing CCP.A member. The use of a clearing agent is also possible.

Position management as well as clearing and settlement take place on a participant basis; CCP.A does not carry out any clearing for end customers.

Clearing participants must deposit an appropriate initial margin for all positions in line with the related risk of the position. The amount of collateral is newly calculated at the end of every trading day on the basis of the volatility of the underlying as well as other risk-determining parameters (e.g. period, strike price, implicit volatility). This also includes cross-margining between the various products of an underlying.

Participants are provided with detailed daily risk reports as well as risk arrays. Risk arrays allow the participants to calculate the margins for their (end) customer positions using the same method as that employed by the CCP.A. In addition to the initial margin, daily balancing of margins takes place between the buyer and the seller in the case of futures positions (variation margin, marking-to-market principle).

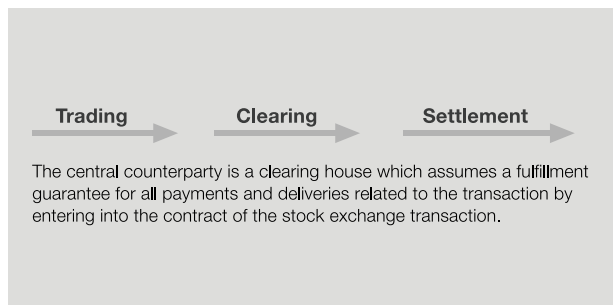
The CCP.A also offers the clearing members further services such as the automatic execution of positions on the final day of trading, position transfers and much more.

CCP.A is a joint company owned by Wiener Börse AG and Oesterreichische Kontrollbank AG. Further information is available under www.ccpa.at.

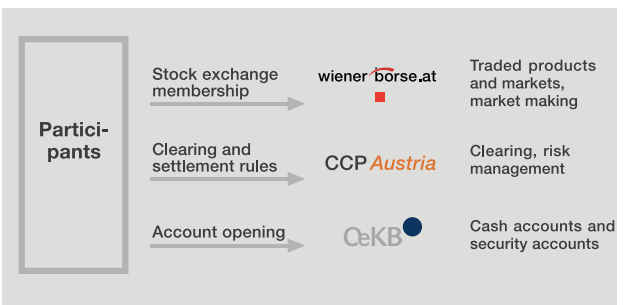
Advantages of a CCP

- Default risk protection
- Fulfilment guarantee for stock exchange transactions
- Increased financial market stability
- Risk management standardization
- State-of-the-art clearing

CCPs in the capital market



Market link, contracts



Contacts

www.indices.cc

This Internet platform constitutes a professional tool, which provides all relevant, index-related information. The download area contains a complete documentation consisting of everything from publications and index guidelines, to contract specifications for derivatives and the list of charges.

Wiener Börse AG
1014 Vienna, Wallnerstraße 8
Phone +43 1 53165 0, Fax +43 1 53297 40
www.wienerborse.at, www.indices.cc, www.ccpa.at

Trading-Helpdesk

Phone +43 1 53165 500, derivatives@wienerborse.at

Marketdesign & Support

Thomas Rainer

Phone +43 1 53165 311, thomas.rainer@wienerborse.at

Members

Johannes Schönegger

Phone +43 1 53165 163, johannes.schoenegger@wienerborse.at

Andreas Weixelbaumer

Phone +43 1 53165 215, andreas.weixelbaumer@wienerborse.at

ATX-Indices

Roman Dormuth

Phone +43 1 53165 109, roman.dormuth@wienerborse.at

CEE-Indices

Johannes Klaus

Phone +43 1 53165 148, johannes.klaus@wienerborse.at

CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH
1010 Vienna, Strauchgasse 1-3
Phone +43 1 5332244-2887, Fax +43 1 5332244-2880
www.ccpa.at

Clearing Derivatives Market

Roman Bitter

Phone +43 1 5332244-2881, roman.bitter@ccpa.at

Beatrix Fördös-Moser

Phone +43 1 5332244-2882, beatrix.foerdoes@ccpa.at

Michaela Gaudek

Phone +43 1 5332244-2884, michaela.gaudek@ccpa.at

Eva Schachenhofer

Phone +43 1 5332244-2891, eva.schachenhofer@ccpa.at

Editorial Information

Media owner, publisher: Wiener Börse AG

Place of publication: 1014 Vienna, Wallnerstraße 8

Place of production: Vienna

Responsible for the contents: Wiener Börse AG; January 2009

We have prepared this annual report with the utmost care and have checked the data. Nonetheless, rounding, typographic and printing errors cannot be ruled out.

This publication is protected by copyright law. Wiener Börse AG reserves all rights and retains the exclusive right of use – even if only relating to parts – specifically, the right to disseminate, duplicate, translate, reprint and reproduce by means of photography or a similar method, photocopy, microfilm or other electronic processes as well as the right of storage in data processing systems.

