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e u r e x *circular 037/06*

Date: Frankfurt, February 23, 2006
Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

High Priority

Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment: Update with Regard to the Electronic Trading System

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Content may be most important for:	**Attachments:**
➲ All departments	1. Updated sections of the Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment 2. Information Memorandum: Authorisation of an Order Routing System 3. Application for Authorisation of an Order Routing System 4. Application for Authorisation of an Order Routing System in the U.S.

Summary:

In their session on February 8, 2006 the Management Boards of the Eurex Exchanges resolved to adjust the Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment to recent developments and decisions effective **March 1, 2006**.

The adjustments concern the regulations for the connection and operation of Order Routing Systems (ORS). In particular, the duties of Exchange participants operating Order Routing Systems vis-à-vis the users of the ORS were further specified. In addition, the conditions were defined under which the Boards of Management of the Eurex Exchanges may revoke an authorization for the connection of an Order Routing System.

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Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment: Update with Regard to the Electronic Trading System

In their session on February 8, 2006 the Management Boards of the Eurex Exchanges resolved to adjust the Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment to recent developments and decisions **effective March 1, 2006**. In particular, the adjustments concern the prerequisites for operating and connecting Order Routing Systems (ORS) to the electronic trading system of the Eurex Exchanges:

- Exchange participants operating an order routing system are deemed to have fulfilled their information duties vis-à-vis the users of the order routing system as far as compliance with the Exchange Rules for Eurex Deutschland and Eurex Zürich and the Conditions for Trading at Eurex Deutschland and Eurex Zürich is concerned, if they inform the system users of the current internet address under which the latest valid version of aforementioned Rules and Regulations is available.
- Moreover, the operator of an order routing system is obliged to inform the users of its system about obligatory adherence to the prohibition of „pre-arranged trades“ and „cross trades“ in accordance with the aforementioned Rules and Regulations.
- Users of an order routing system who violate the provisions of aforementioned Rules and Regulations shall not, as so far, be excluded immediately from usage of the system. They shall instead be first warned by the operator of the order routing system in writing, stating the consequences of a renewed violation. In case of another violation the operator shall exclude the user concerned from usage of the order routing system for at least 20 exchange days. The operator of the order routing system shall inform the Management Boards of Eurex Exchanges immediately of any such exclusion.
- Under section 2.5.3 of the of Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment the Management Boards of the Eurex Exchanges are entitled to revoke the authorization to operate an order routing system upon due assessment of the circumstances. This shall apply in case the operator of such system has not fulfilled its duties or one of its users repeatedly and continually violates the provisions of the Exchanges Rules for Eurex Deutschland and Eurex Zürich and the Conditions for Trading at Eurex Deutschland and Eurex Zürich in their latest valid version and has repeatedly been excluded from usage of the system.

In attachment 1 you will find the updated sections of the Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment as of March 1, 2006 with tracked changes.

The other attachments contain forms and information memoranda adjusted accordingly.

The Rules and Regulations of the Eurex Exchanges, which include the Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment, can be accessed on the internet under the path **www.eurexchange.com > Exchange Regulations.**

Please feel free to call our Customer Support Team at tel. +49-69-211-1 17 00 for any further question you may have.

Frankfurt, February 23, 2006

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Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment

[....]

2 Connection to the EDP System

[....]

2.5 Connection of Order Routing Systems

2.5.1 Requirements

After making written application and receiving approval thereof from the Boards of Management of the Eurex Exchanges, an Exchange Participant is entitled to connect an Order Routing System via a defined interface if the following prerequisites are fulfilled:

- before being channelled into the trading system, the ~~transmitted~~ orders transmitted via Order Routing System shall pass an electronic filter which is installed in the Participant Front End System, which checks and releases orders for further transmission according to parameters defined by the Exchange Participant~~;~~.

- ~~the~~ The filter ~~has been~~shall be allocated an approved Exchange trader who is responsible for the definition of parameters and the control and monitoring of the filter, ~~who can prevent the forwarding of orders at any time~~ and whose personal user ID has been submitted by the Exchange Participant to the Boards of Management of the Eurex Exchanges in writing~~;~~.

- ~~the~~ The Exchange Participant has to ensure that ~~obliged~~ all users of the Order Routing System operated by such trading participant have access to the Exchange Rules of the Eurex Exchanges as well as the Conditions for Trading at the Eurex Exchanges~~Order Routing Systems operated by himself~~. Such access may be ensured in particular by way of providing a website on which aforementioned Rules and Regulations can be viewed by the users. In addition, all users of the Order Routing System operated by the Exchange Participant have to be informed by such Trading Participant ~~to~~ about the obligatory ~~comply~~ compliance with and consideration of the Rules and Regulations of the Eurex Exchanges pursuant to Clause 1, in particular about the provisions contained therein regarding the prohibition of “pre-arranged trades” and “crossing transactions” in the futures trading. ~~whereas in the case of a user’s disregarding concerning this matter the Exchange Participant has to immediately prevent such user from continuing to use the Order Routing System~~ and Users within aforementioned meaning are all natural and legal persons. In case of legal persons being users of the Order Routing System operated by the Exchange Participant, such Exchange Participant has to commit the users to ensure that the natural persons acting on their behalf and using the Order Routing System have access to the Rules and Regulations of the Eurex Exchanges named in Clause 1 pursuant to Clause 2 and that they will be informed about the obligatory compliance with and consideration of such Rules and Regulations of the Eurex Exchanges pursuant to Clause 3.

- In case of a violation against the provisions of the Exchange Rules for the Eurex Exchanges in their respective valid version and the Conditions for Trading at the Eurex Exchanges by a user of the Order Routing System, the Exchange Participant operating such system shall immediately give the respective user a written warning stating the respective violation and shall point out that such user will be excluded from using the Order Routing System for at least 20 Exchange days in case of another violation.

  In case of another violation, the Exchange Participant operating the Order Routing System shall take measures for the immediate exclusion of the respective user from further usage of the Order Routing System for at least 20 Exchange days.

  The Exchange Participant operating the Order Routing System has to fulfil the obligations pursuant to Clause 1 and 2 at the latest when the Eurex Exchanges have informed him about a user of the Order Routing System operated by him having violated against provisions of the Rules and Regulations named in Clause 1. The Exchange Participant shall notify the Boards of Management of the Eurex Exchanges in writing about the exclusion of the respective user from using the Order Routing System, stating the period of exclusion.

  In case the user is a legal person, the provisions of Clause 1 to 4 apply with the proviso that they apply exclusively for the natural persons acting on behalf of the legal persons and using the Order Routing System operated by the Exchange Participant, as far as they have violated against the provisions of the Rules and Regulations of the Eurex Exchanges named in Clause 1.

- ~~in~~ In ~~the~~ case of an additional installation, as the case may be, an installation of quote machines, electronic eyes and/or third party software, respectively, which comes along with the connection of an Order Routing System with the EDP system of the Eurex Exchange, this intention shall also be notified unrequested in writing by the Exchange Participant vis-à-vis the Boards of Management of the Eurex Exchanges.

2.5.2 Forwarding of Trading Data

The forwarding of trading data and information from the EDP system of the Eurex Exchanges via an Order Routing System by an Exchange Participant to third parties requires the respective consent of the Boards of Management of the Eurex Exchanges according to Section 4.9 of the Exchange Rules for Eurex Deutschland and Eurex Zürich. The consent of the Boards of Management of the Eurex Exchanges vis-à-vis the Exchange Participant who is operating the respective Order Routing System is particularily deemed to be given, if the relevant Exchange Participant has concluded a respective Market Data Dissemination Agreement with Deutsche Börse Group on the prices of the Eurex Exchanges.

2.5.3 Revocation of the Authorization

The Boards of Management of the Eurex Exchanges may revoke an authorization for connection of an Order Routing System via a defined interface if

- the prerequisites for the authorization pursuant to Number 2.5.1 have not been fulfilled, in particular if the authorization has been granted upon false or incomplete information of the Exchange Participant; or

- if the prerequisites of the granting have ceased to apply retroactively; or
- if an Exchange Participant or a user of the Order Routing System operated by the Exchange Participant continually and permanently violates against provisions pursuant Number 2.5.1 or if an orderly Exchange trade by way of operation or usage of an Order Routing System is not or cannot be guaranteed any more.

3 Technical Requirements

[....]

Information Memorandum Authorization of an Order Routing System

Order Routing Systems are electronic order forwarding systems which are used by Exchange participants primarily to enter, modify or delete exchange orders (trading participants to transmit exchange orders). The entry, change and deletion of quotes on M-position Accounts, the entry, change and deletion of cross requests according to the Section 2.3 par. 3 of the Conditions for Trading at Eurex Deutschland and Eurex Zürich as well as the entry of off-exchange derivatives transactions for the purpose of clearing via Order Routing Systems is not permitted. Order Routing Systems may be connected to the electronic trading system of Eurex® via a defined interface so that the orders transmitted via this system can be channeled directly into the trading system (see section 1.12 of the Implementation Regulations of Eurex Concerning Technical Equipment (Implementation Regulations).

Subpart 2.6 paragraph 4 of the Conditions for Trading at Eurex Deutschland and Eurex Zürich, stating amongst other things that all entries made in the EDP system of the Eurex Exchanges via Order Routing Systems shall be considered to be those of the Exchange Participant concerned, remains applicable without limitations.

Prerequisites for the Connection to an Order Routing System

Pursuant to section 2.5 of the Implementation Regulations a participant is entitled to connect an Order Routing System via a defined interface *after making a written application* and *receiving approval thereof from the Eurex Board of Management*. Approval will be granted if the following prerequisites are given:

- Before being channeled into the trading system, the orders transmitted via Order Routing System shall pass an electronic filter which is installed in the Participant Front End System, which checks and releases orders for further transmission according to parameters defined by the Exchange Participant.

- The filter shall be allocated an approved Exchange trader who is responsible for the definition of parameters and the control and monitoring of the filter, and whose personal user ID has been submitted in writing by the Exchange Participant to the Boards of Management of the Eurex Exchanges

- The Exchange Participant has to ensure that all users of the Order Routing System operated by such trading participant have access to the Exchange Rules for Eurex Deutschland and Eurex Zürich as well as to the Conditions for Trading at Eurex Deutschland and Eurex Zürich. Such access may be ensured in particular by way of providing a website on which aforementioned Rules and Regulations can be viewed by the users. In addition, all users of the Order Routing System operated by the Exchange Participant have to be informed by such Trading Participant about the obligatory compliance with and consideration of the Rules and Regulations of the Eurex Exchanges pursuant to Clause 1, in particular about the provisions contained therein regarding the prohibition of “pre-arranged trades” and “crossing transactions” in derivatives trading. Users within aforementioned meaning are all natural and legal persons. In case of legal persons being users of the Order Routing System operated by the Exchange Participant, such Exchange Participant has to commit the users to ensure that the natural persons acting on their behalf and using the Order Routing System have access to the Rules and Regulations of the Eurex Exchanges named in Clause 1 pursuant to Clause 2 and that they will be informed about the obligatory compliance with and consideration of such Rules and Regulations of the Eurex Exchanges pursuant to Clause 3.

- In case of a violation of the provisions of the Exchange Rules for Eurex Deutschland and Eurex Zürich in their respective valid version and the Conditions for Trading at Eurex Deutschland and Eurex Zürich by a user of a Order Routing System, the Exchange Participant operating such system shall immediately give the respective user a written warning stating the respective violation and shall point out that such user will be excluded from using the Order Routing System for at least 20 Exchange days in case of another violation.

  In case of another violation, the Exchange Participant operating the Order Routing System shall take measures for the immediate exclusion of the respective user from further usage of the Order Routing System for at least 20 Exchange days.

  The Exchange Participant operating the Order Routing System has to fulfill the obligations pursuant to Clause 1 and 2 at the latest when the Eurex Exchanges have informed him about a user of the Order Routing System operated by him having violated provisions of the Rules and Regulations named in Clause 1. The Exchange Participant shall notify in writing the Boards of Management of the Eurex Exchanges about the exclusion of the respective user from using the Order Routing System, stating the period of exclusion.

  In case the user is a legal person, the provisions of Clause 1 to 4 apply with the proviso that they apply exclusively for the natural persons acting on behalf of the legal persons and using the Order Routing System operated by the Exchange Participant, as far as they have violated the provisions of the Rules and Regulations of the Eurex Exchanges named in Clause 1.

- In case of the additional installation or an installation of quote machines, electronic eyes and/or third party software, respectively, which comes along with the connection of an Order Routing System to the EDP system of the Eurex Exchange, this intention shall also be notified unrequested in writing vis-à-vis the Boards of Management of the Eurex Exchanges. Pursuant to Subsection 2.4 of the Implementation Regulations, the application of quote machines and/or electronic eyes at Eurex Exchanges requires authorization (Form “Application for Approval of Quote Machines and/or Electronic Eyes”)

Forwarding of Trading Data

Forwarding trading data and information from the EDP system of the Eurex Exchanges via an Order Routing System of an Exchange Participant to third parties not admitted to the Exchange requires the respective consent of the Boards of Management of the Eurex Exchanges according to Section 4.9 of the Exchange Rules for Eurex Deutschland and Eurex Zürich. The consent of the Boards of Management of the Eurex Exchanges vis-à-vis the Exchange Participant who is operating the respective Order Routing System is particularly deemed to be given, if the relevant Exchange Participant has concluded a respective Market Data Dissemination Agreement with Deutsche Börse Group on the prices of the Eurex Exchanges.

Revocation of the Authorization

The Boards of Management of the Eurex Exchanges may revoke an authorization for connection of an Order Routing System via a defined interface if

- the prerequisites for the authorization pursuant to Number 2.5.1 have not been fulfilled, in particular if the authorization has been granted upon false or incomplete information of the Exchange Participant; or
- if the prerequisites of granting have ceased to exist subsequently; or
- if an Exchange Participant or a user of the Order Routing System operated by the Exchange Participant continually and permanently violates provisions pursuant Number 2.5.1 or if an orderly Exchange trade is not or cannot be guaranteed any more due to the operation or usage of an Order Routing System.

Application for Authorisation of an Order Routing System



Eurex Deutschland
Customer Support

Fax: +49 (0) 69-211-1 16 41

Applicant

Name of exchange member applying

Address

First Name, Surname of contact

Tel. No. Fax No.

E-mail Address

Application for authorisation to connect an automatic order routing system to the trading system used by Eurex Deutschland pursuant to Section 2.5 of the Implementation Regulations of Eurex Deutschland and Eurex Zurich Concerning Technical Equipment (Implementation Regulations)

I. Herewith we apply for

☐ the authorisation to connect an automatic order routing system to the Eurex trading system via the offered interface pursuant to Section 2.5 of the Implementation Regulations

or

☐ a further User-ID for an already approved order routing system.

Provided that the applying company is admitted as exchange participant at Eurex Zürich, this application applies to Eurex Zürich as well.

II. The responsible person in the sense of Subsection 2.5.1 No. 2 is the following, admitted exchange Trader, respectively a further User-ID shall be set up for:

User Code						**Name of trader**	**Telephone Number**
O	**R**						

Any changes of the responsible trader and/or changes of the user code must be reported to the Exchange immediately!

III. We guarantee that at all times we will uphold the conditions and instructions set out in Section 2.5 of the Technical Implementation Regulations of Eurex as regards connecting and operating an order routing system.

In particular, we are aware that the forwarding of trading data and information from the EDP system of the Eurex Exchanges via an Order Routing System by an Exchange Participant to third parties requires the respective consent of the Boards of Management of the Eurex Exchanges according the Section 4.9 of the Exchange Rules for Eurex Deutschland and Eurex Zürich.

IV. In the case of an additional installation, as the case may be, an installation of quote machines, electronic eyes and/or third party software, respectively, which comes along with the connection of an Order Routing System with the EDP system of the Eurex Exchange, we hereby notify this intention vis-à-vis the Boards of Management of the Eurex Exchanges.

☐ quote machines

☐ electronic eyes

☐ third-party software

Pursuant to Section 2.4 of the Implementation Regulations, the application of quote machines and/or electronic eyes at Eurex Exchanges requires authorization and has to be requested separately before implementing.

Place and Date

Company Stamp and Signature
(Name in Capital)

Application for Authorisation of an Order Routing System in the U.S.



Eurex Deutschland
Customer Support

Fax: +49 (0) 69-211-1 16 41

Applicant

Name of exchange member applying

Address

First Name, Surname of contact

Tel. No. Fax No.

E-mail Address

Application for authorisation to connect an automatic order routing system to the trading system used by Eurex Deutschland pursuant to Section 2.5 of the Implementation Regulations of Eurex Deutschland and Eurex Zurich Concerning Technical Equipment (Implementation Regulations)

I. Herewith we apply for

☐ the authorisation to connect an automatic order routing system to the Eurex trading system via the offered interface pursuant to Section 2.5 of the Implementation Regulations

or

☐ a further User-ID for an already approved order routing system.

Provided that the applying company is admitted as exchange participant at Eurex Zürich, this application applies to Eurex Zürich as well

II. The responsible person in the sense of Subsection 2.5.1 No. 2 is the following, admitted exchange trader:

User Code						**Name of trader**	**Telephone Number**
U	**R**						

Any changes of the responsible trader and/or changes of the user code must be reported to the Exchange immediately!

III. We guarantee that at all times we will uphold the conditions and instructions set out in Section 2.5 of the Technical Implementation Regulations of Eurex as regards connecting and operating an order routing system.

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IV. In the case of an additional installation, as the case may be, an installation of quote machines, electronic eyes and/or third party software, respectively, which comes along with the connection of an Order Routing System with the EDP system of the Eurex Exchange, we hereby notify this intention vis-à-vis the Boards of Management of the Eurex Exchanges.

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Place and Date

Company Stamp and Signature
(Name in Capital)