X-pand into the Future

eurex *circular 150/07*

Date: Frankfurt, July 27, 2007
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Michael Peters

Trader Development Program for New Markets

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Content may be most important for:

- Ü Front Office/Trading
- Ü Middle + Backoffice
- Ü Auditing/Security Coordination

Attachments:
Contract and application forms for Trader Development Program

Summary:

On **August 1, 2007**, Eurex will launch a dedicated incentive scheme to support traders in new markets. Eurex members qualifying for the scheme will profit from an extensive fee holiday for trading and clearing fees.

Trader Development Program for New Markets

The Eurex Trader Development Program will support Eurex members expanding trading in Eurex products to emerging markets, which are attractive to set up trading operations. With their significant potential, these high-growth markets offer access to strong local demand for new investment instruments, combined with a large local talent pool. With this program Eurex will support the training and further professional development of new traders and, in addition, further enhance market growth.

Up to three Million Contracts free of Trading and Clearing Fees

Under the program, proprietary trades executed by new users of order-routing systems from approved countries will be exempted from trading and clearing fees for up to two million traded contracts per annum and location for a period of two years. For members exceeding the level of two million traded contracts during the first year, the fee-exempt volume will increase to three million contracts for the second year of the program. The program will start on August 1, 2007 and applications will be accepted until July 31, 2009. Eurex members can apply to participate in the program for up to five locations.

Requirements for Participation

To be eligible for participation in the Trader Development Program, Eurex members will need to fulfill among others the following key requirements:

- A designated order-routing system connection must be established for each location applying for participation. Only the volumes generated through this designated order routing ID on the order routing user's own behalf and not on behalf of a customer will profit from the waiver for trading and clearing fees.
- Local order routing users must be trained as futures and options traders to become eligible for the initiative. Accordingly, training programs incorporating Eurex products must be established.
- Only order routing users who have not been admitted at Eurex before as exchange traders are entitled to participate in the fee waiver program.
- Trades executed through fully-automated trading systems (algorithmic trading) will not be eligible for fee exemption.

Complete information regarding all requirements to qualify and application forms concerning the Trader Development Program will be available shortly on our website **www.eurexchange.com > Trading > Trader Admission > Trader Development Program.** For further information please contact Elizabeth Regan, on telephone +49-69-211-1 94 22 or e-mail: elizabeth.regan@ eurexchange.com

Frankfurt, July 27, 2007

Eurex Trader Development Program Agreement

between

Eurex Frankfurt AG
Neue Börsenstraße 1
60487 Frankfurt am Main
Germany - hereinafter referred to as "**EFAG**"-

and

_____

_____

_____ - hereinafter referred to as "**Participant**" -

Participant and **EFAG** are hereinafter referred to as well as a "**Party**" each and together as "**Parties**".

Preamble: Description of Eurex Trader Development Program

Eurex Frankfurt AG's ("EFAG") Trader Development Program ("Program") offers Exchange Participants ("Participants") of Eurex Deutschland or Eurex Zürich ("Eurex") to execute on Eurex proprietary trades on behalf of new users respectively new traders of Order Routing Systems ("New Users") which are located in countries approved by EFAG (Appendix A) without incurring trading and clearing fees regarding on-exchange transactions pursuant to sections 3.1.1.1 and 3.1.1.3 of the Price List ("Fees").

Such fee waiver will apply for up to two million traded contracts executed by New Users on Eurex during one year per location of a Participant and for a period of two years. The Program will begin on August 1, 2007 and applications to participate will be accepted until July 31, 2009.

To be eligible to participate in the Program, Participants must amongst other things establish a separate Order Routing System connection for each location applied for within the Program, which has to be approved by Eurex. Each Participant may apply for up to five locations in total whereas the number of users per Order Routing System is not limited.

NOW, THEREFORE, the Parties hereto agree as follows:

A. Contractual Basis / Subject Matter

Section 1: Participation in the Eurex Trader Development Program

EFAG admits Participant to participate in the Program. Participant accepts such admission.

Section 2: General Commitments of Eurex Participants

Participant undertakes to EFAG that it will:

(i) Establish at least one Location in a country approved by EFAG for New Users of an Order Routing System (see Appendix A). Participants may apply to participate in the Program in up to five Locations in total by using the attached form "Participant Information" (Appendix B).

A Location within the meaning of this agreement means the premises occupied by New Users of Order Routing Systems in any city within a country approved by EFAG which are in a building in which an Order Routing System has been installed for the purpose of active options and futures trading by New Users. Parent member institutions and their 100 percent owned affiliates may not participate in the Program for the same Location.

(ii) Provide EFAG in writing the required "Participant Information" using the form in Appendix B, as well as the required Trader Information ("New User"), including name and date of birth of each New User of an Order Routing System, using the standard form "Trader Information" (Appendix C).

Participants may register additional New Users or withdraw registration of New Users of an Order Routing System at any time in writing by using the form in Appendix C.

(iii) Apply at Eurex for a separate Order Routing System per Location using the application for Authorization of an Order Routing System (Appendix D). Such an Order Routing System, which is approved for the Participant, is solely for usage in the Program for one Location.

Order Routing Systems are electronic order forwarding systems which are used by Participants particularly to enter, modify or delete exchange orders. The entry, change and deletion of quotes on M-position Accounts, the entry, change and deletion of cross requests as well as the entry of off-exchange options and futures transactions for the purpose of clearing via Order Routing Systems is not permitted. Order Routing Systems may be connected to the Participant Front-end System, via a defined interface (VALUES API) so that the orders transmitted via this system can be channeled directly into the trading system of Eurex.

(iv) Establish and conduct training programs for new users of Order Routing Systems registered in approved Locations and facilitate the education of such users in option and futures trading in general and in particular in trading Eurex products.

(v) Allow EFAG to review such training programs and provide additional information on request as well as accept changes suggested by EFAG.

(vi) Allow EFAG to meet with principals, employees and registered New Users of the Participant to review participation in the Program, if requested by EFAG.

(vii) Provide EFAG on request with information regarding the training of New Users by the Participant as well as the trading activities of registered New Users of Order Routing Systems through the registered ID of the respective Order Routing System for the respective Location.

(viii) Allow regular audits by EFAG or by eligible independent auditors chosen by EFAG to monitor compliance with the Program and the obligations thereto with respect to the Participant and its registered New Users of Order Routing Systems within the premises of the Participant as well as in the respective Location of such New Users. In addition to regular audits by EFAG, EFAG reserves the right to review compliance if evidence of violation of this Program is suspected. Costs for regular audits will be borne by EFAG. With regard to additional audits, the Participant will bear the costs of the audit in case the audit results provide evidence of a violation of this Program.

Section 3: Commitments regarding Users of Order Routing Systems

Participant undertakes to EFAG:

(i) to register as New Users of Order Routing Systems only persons who have not been admitted at Eurex before as Exchange Traders. Former Eurex Exchange Traders are not entitled to be registered within this Program;

(ii) that New Users of Order Routing Systems will be domiciled in a Location within a country approved by EFAG (Appendix A) and registered by the Participant with EFAG;

(iii) that New Users of Order Routing Systems will trade Eurex contracts for their own account respectively for the own account of the entity which they are engaged with ("Proprietary Trades"), but do not carry out customer business.

Proprietary trades are defined as trades executed on Eurex by New Users of Order Routing Systems, which are solely trading for their own account respectively for the own account of the company they are engaged with and not on behalf of customers ("Proprietary Trades").

(iv) that New Users of Order Routing Systems will continue to receive training support.

Section 4: Requirements to be fulfilled by Trades executed by New Users of Order Routing Systems

Participant must ensure that trades of New Users of an Order Routing System:

(i) are Proprietary Trades as defined in Section 3 (iii);

(ii) will be entered into the location-specific Order Routing System registered for the Participant;

(iii) are not entered into registered Order Routing Systems through fully automated systems.

In addition, the Participant is obligated to supply on request evidence to EFAG that trades executed by New Users of Order Routing Systems fulfill the above-mentioned conditions.

Section 5: Fee Waiver for Participants

(i) Trading and clearing fees refer to fees for matching of on-exchange transactions and recording of derivatives transactions (trade) as defined in the Price List in sections 3.1.1.1 and 3.1.1.3.

(ii) An approved Participant receives for Proprietary Trades, which are executed through the registered ID of the Order Routing System for the respective Location registered in the Program a waiver of trading and clearing fees pursuant to paragraph (i) for a volume of two million traded contracts for a period of two years as defined in Section 6. If a Participant exceeds two million contracts, executed through a registered Order Routing User-ID, in the first year, a fee waiver for three million traded contracts will be applicable to the respective Order Routing User-ID for the second year of term of this agreement.

(iii) Participant will initially be charged regarding his Eurex transactions with regular trading and clearing fees on a monthly basis and will receive a monthly refund for paid fees in the following month after having paid such fees. This process will be changed in the near future so that Participants will receive a credit in the same month as the fees, which apply to the Program, are charged.

(iv) If proven that trades executed by New Users of Order Routing Systems do not fulfill the conditions defined in Section 4, the fee waiver due to Section 5 (ii) does not apply and all fees refunded due to this Agreement (Program) have to be reimbursed in total by Participant to EFAG without delay.

(v) Irrespective of whether EFAG has suffered any damage, if proven that the Participant has violated the conditions of the Program and is further deemed ineligible for participation in the Program, the Participant shall be obligated, in addition to his obligation to reimburse EFAG pursuant to Section 5 (iv), to pay a contractual penalty of 100 percent of the total trading and clearing fees incurred through trades executed at Eurex through the registered User-ID(s) of Order Routing Systems during the term of this agreement.

B. Term and Termination

Section 6: Term, Termination

(i) This Agreement shall become effective with the registration of the location-specific User-ID for the Order Routing System by Eurex to the Participant and shall remain in effect for a period of two years, unless a Party provides written notice to the other Party of its desire to terminate the Agreement at least one month prior to the end of a calendar quarter.

(ii) The right of the Parties to terminate for cause shall remain unaffected.

C. General

Section 7: Security of Data / Data Protection

(i) Pursuant to the German Federal Data Protection Act, Participants are hereby notified that EFAG will store their full address as well as further information related to the Program in machine-readable form and process this data electronically for tasks arising from this contract. EFAG undertakes to treat all personal data received from Participants, in particular their and the New Users names, addresses, age, and date of birth, as strictly confidential and to refrain from making such data available to unauthorized third parties. Furthermore, by undertaking suitable measures (section 9 of the German Federal Data Protection Act) and by committing its staff to secrecy, EFAG shall ensure that confidentiality is observed for the term during which the services of EFAG are used and thereafter.

(ii) The disclosure of Participants' personal data to unauthorized third parties for any other purposes, in particular for the purpose of consultancy, advertising and market research, is prohibited unless the relevant Participant gives its express permission to do so. The Participant authorizes EFAG to share data it received from the Participant due to the participation to this Program with Eurex and Deutsche Börse AG.

(iii) The Parties undertake to comply with all applicable banking secrecy laws and data protection laws. The Participant ensures that only New Users committed to the provisions of such laws referred to in paragraph (i) and paragraph (ii) shall be registered with EFAG for the program.

Section 8: Indemnities

Participant shall indemnify and hold harmless EFAG and its affiliates as well as Eurex from claims by third parties in respect of losses and liabilities etc. owing to third parties arising from Participant's breach of this Agreement or arising from Participant's breach of local law and regulatory provisions applicable in the country of his registered Location for New Users of an Order Routing System due to the Program or from any costs associated with such claims.

Section 9: Compliance with Legislation

Participant shall ensure that his registered New Users of his Order Routing Systems due to the Program shall comply with all applicable laws and regulations relevant to the subject matter of this Agreement, especially relevant in the countries were registered New Users of the Participant are located.

Section 10: Miscellaneous

(i) No provision of this Agreement creates a partnership between the Parties or makes a Party the agent of the other Party for any purpose. A Party has no authority to bind, to contract in the name of or to create a liability for the other Party in any way or for any purpose except as may be expressly permitted hereunder or authorized in writing by such other Party. Each Party hereto shall be solely responsible for the actions of its respective employees, agents and representatives.

(ii) The Parties shall not assign any rights or delegate any obligations created by this Agreement without the prior written consent of the other Party; such consent not to be unreasonably withheld.

(iii) This Agreement, including this clause, may not be amended, altered or modified except by written instrument executed by the Parties.

(iv) This Agreement and the appendices of this Agreement constitute the entire agreement of the Parties hereto with respect to the subject matter hereof, and supersede all prior agreements and understandings, discussions, negotiations and communications, written and oral, between the Parties with respect to the subject matter hereof.

(v) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the Federal Republic of Germany without reference to or inclusion of the principles of choice of law or conflicts of law of that jurisdiction.

(vi) In case any provision in or obligation under this Agreement shall be held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired. Invalid, illegal or unenforceable provisions shall be replaced by valid, legal and enforceable provisions, as agreed by the Parties, so as to effect the original intent of the Parties as close as possible.

(vii) To the extent permitted by law, legal venue for all disputes arising from the contractual relationship shall be Frankfurt am Main, Germany.

IN WITNESS WHEREOF this Trader Development Program Agreement has been executed by the Parties on the date set out below.

_____, _____ 2007

[insert Exchange Member/Participant Name]

By:_____ By:_____
Name: Name:
Title: Title:

_____, _____ 2007

Eurex Frankfurt AG:

By:_____ By:_____
Name: Name:
Title: Title:

Appendix A

Approved Countries of the Eurex Trader Development Program:

Europe
- Croatia,
- Russia,
- Serbia and
- Turkey.

Central and South America
- Argentina,
- Brazil,
- Chile,
- Colombia,
- Mexico,
- Peru and
- Venezuela.

Asia and Pacific Ocean
- China,
- India,
- Malaysia,
- Korea and
- New Zealand.

Africa
- South Africa

Appendix B – Participant Information

Eurex Frankfurt AG

Eurex Sales

Neue Börsenstraße 1

60487 Frankfurt am Main

Germany

Fax: +49-69-211-1 44 77

Applicant

Name of applying company

Address

Name of contact

Phone Fax

Member ID

Program Location

Company name

Address, zip code, city, country

Phone, fax, e-mail

Connection type to Eurex

Program Contact Person

First name, last name

Address, zip code, city, country

Phone, fax, e-mail

Training Contact Person (if contact details differ from above)

First name, last name

Address, zip code, city, country

Phone, fax, e-mail

Number of training programs you are offering

Number of traders participating in trainings yearly

Derivatives traded on Eurex

Place/Date

Signature/Stamp

Print name

Appendix C – Trader Information

Eurex Frankfurt AG
Eurex Sales
Neue Börsenstraße 1
60487 Frankfurt am Main
Germany
Fax: +49-69-211-1 44 77

Applicant

Name of applying company

Address

Name of contact

Phone Fax

Member ID

TRADER INFORMATION („NEW USER“)

ORDER ROUTING ID

☐ ADMIT TO THE PROGRAM

☐ CANCEL FROM THE PROGRAM

Confirmation and Authorization: I acknowledge and agree to abide by the requirements of the Trader Development Program of Eurex Frankfurt AG. I also agree to comply with all of Rules and Regulations of Eurex Deutschland and Eurex Zürich. I further represent that I will trade Eurex contracts for my own account respectively for the own account of the entity with which I am engaged (“Proprietary Trades”), but will not carry out customer business.

First name	Last name	Date of birth	Location (country, city)	Phone	E-mail	Signature

Appendix D

Application for Authorization of an Order Routing System

Eurex Frankfurt AG
Eurex Sales
Neue Börsenstraße 1
60487 Frankfurt am Main
Germany
Fax: +49-69-211-1 44 77

Applicant

Name of applying company

Address

Name of contact

Phone Fax

Member ID

Application for authorization to connect an automatic order routing system to the trading system used by the Eurex Exchanges pursuant to Section 2.5 of the Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment (Implementation Regulations) and the Trader Development Program of Eurex Frankfurt AG.

I. Herewith we apply for

☐ the authorization to connect one automatic order routing system to the Eurex® trading system via the offered interface pursuant to Section 2.5 of the Implementation Regulations in conjunction with the Trader Development Program of Eurex Frankfurt AG. The users of each order routing system will be located in a country approved by Eurex Frankfurt AG due to its Trader Development Program.

……
(please insert address of location)

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

II. The responsible person in the sense of Subsection 2.5.1, second bullet point of the Implementation Regulations is the following admitted exchange trader:

Order Routing System connected to *[enter Location / city]*):							
User code						**Name of trader**	**Telephone number**
T	**L**	**P**					

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

III. We guarantee that at all times we will uphold the conditions and instructions set out in Section 2.5 of the Implementation Regulations as well as the conditions of the Trader Development Program of Eurex Frankfurt AG as regards connecting and operating an order routing system which will be connected to a location and to order routing users located in a country approved by Eurex Frankfurt AG.

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 to Section 4.9 of the Exchange Rules for Eurex Deutschland and Eurex Zürich.

Place and date

Company stamp of *Exchange Member* and signature

(*Name in capitals*)

Appendix D

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

Eurex Frankfurt AG

Eurex Sales

Neue Börsenstraße 1

60487 Frankfurt am Main

Germany

Fax: +49-69-211-1 44 77

Applicant

Name of applying company

Address

Name of contact

Phone Fax

Member ID

Application for authorization to connect an automatic order routing system to the trading system used by the Eurex Exchanges pursuant to Section 2.5 of the Implementation Regulations of Eurex Deutschland and Eurex Zürich Concerning Technical Equipment (Implementation Regulations) and the Trader Development Program of Eurex Frankfurt AG.

I. Herewith we apply for

☐ the authorization to connect one automatic order routing system to the Eurex® trading system via the offered interface pursuant to Section 2.5 of the Implementation Regulations in conjunction with the Trader Development Program of Eurex Frankfurt AG. The users of each order routing system will be located in a country approved by Eurex Frankfurt AG due to its Trader Development Program.

……
(please insert address of location)

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

II. The responsible person in the sense of Subsection 2.5.1, second bullet point of the Implementation Regulations is the following admitted exchange trader:

Order Routing System connected to *[enter location / city]*):							
User code						**Name of trader**	**Telephone number**
U	**L**	**P**					

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

III. We guarantee that at all times we will uphold the conditions and instructions set out in Section 2.5 of the Implementation Regulations as well as the conditions of the Trader Development Program of Eurex Frankfurt AG as regards connecting and operating an order routing system which will be connected to a location and to order routing users located in a country approved by Eurex Frankfurt AG.

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 to Section 4.9 of the Exchange Rules for Eurex Deutschland and Eurex Zürich.

Place and date

Company stamp of *Exchange Member* and signature

(*Name in capitals*)