X-pand into the Future

e u r e x *circular 051/02*

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Recipients: All Eurex members and vendors
Authorized by: Jürg Spillmann

New Trader Examination at Eurex

Contact: Trainingscenter: Tel. +49 (0)69-21 01-37 67, e-mail: trainingscenter@eurexchange.com

Content may be most important for:

- Front Office / Trading
- Middle + Back Office
- Auditing / Security Coordination

Attachments:

1. Eurex Trader Examination Guide
2. Examination Regulations for the Exchange Trader Examination at Eurex (Annex: Implementation Regulations for the Examination Regulations for the Exchange Trader Examination at Eurex)

On 7 May, 2002 the Eurex Exchange Council approved new Examination Regulations for the Eurex Trader Examination which will come into effect on 1 September, 2002. From September, when the new Examination Regulations come into force, Eurex will offer a revised Exchange Trader Examination. Revision of the Eurex Trader Examination has become necessary due to changes in Eurex exchange trading in recent years coupled with the introduction of a range of new products.

The main differences compared to the current examination is to be found in the re-structured and revised catalogue of questions to create a subject weighting and coverage of new topics. Additional preparation material has been developed specially for the new Eurex Trader Examination and is now available on the internet portal (www.trainingscenter.deutsche-boerse.com). As a further difference from previous practice, please note that the new preparation material does **not** contain the complete catalogue of questions with their corresponding answers.

Passing the Eurex Trader Examination is a precondition for admission as an Exchange Trader at Eurex. Once the new Examination Regulations take effect on 1 September, 2002, it will no longer be possible to take the examination in its present form. This also means, should it be necessary to repeat the examination after 1 September, 2002, that it can only be taken according to the new regulations.

The attached Examination Guide (Attachment 1) contains detailed information on the procedure and contents of the new Eurex Trader Examination.

Attachment 2 includes the revised Examination Regulations and the associated Implementation Regulations.

For further information, please contact our Training department by telephone at +49 (0)69-21 01-37 67 or by e-mail at the address: "trainingscenter@eurexchange.com".

Attachment 1 to Eurex Circular 051/02

X-pand into the **Future**

Eurex Trader Examination

Examination Guide

Date: June 5, 2002

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1. Introduction

The Eurex Trader Examination is an electronic exam. Using a software program, 147 questions are selected randomly from a catalogue of approx. 950 for each examination candidate. Exam participants have a total of 3.5 hours to answer all questions. The exam can be taken in both German and English. To pass the exam, candidates must achieve at least 75% of the maximum score. The examination will be conducted in its new format from the September 1st, 2002.

2. Types of Questions and Evaluation

There are three different types of questions in the exam:

- True/False questions (TF) 1 point
- Multiple response questions (MR) max. 2 points
- Free text questions (FF) 3 points

In case of multiple response questions, either one or several answers may be correct. The following evaluation method is used:

For each correct response which was selected, the candidate for examination shall receive 0.5 points, for each correct response which was not selected, 0.5 points shall be deducted. For each incorrect response which was not selected, the candidate for examination shall receive 0.5 points, for each incorrect response which was selected, 0.5 points shall be deducted. For each multiple response question, a minimum of 0 points may be given; a negative score cannot be given.

3. Examination Contents

The exam is structured in four main chapters. The number of questions randomly selected in the exam and the weighting per chapter is listed below. A detailed overview about chapters and the respective sub-chapters of the complete catalogue is available in Appendix 1.

No.	Chapter	No. of questions	Weighting in %
1.	Exchange Rules & Market Model	47	32
2.	Contract Specifications	22	15
3.	Fundamentals of Options and Futures Market Products	37	25
4.	Use of products	41	28
	Total	147	100

4. Examination Preparation

A set of preparatory material is provided by Eurex. Appendix 2 provides an overview of the preparatory material availabe and where to obtain the information. The material can be downloaded either from the Eurex website (www.eurexchange.com) or the Learning Portal of the Deutsche Börse AG Trainingcenter (www.trainingscenter.deutsche-boerse.com). Additionally, the Eurex CDs can be ordered via the Learning Portal.

4.1. Recommendations for Preparation

It is recommended, depending on individual experience, to start with the basics of Eurex, the Eurex products and the Exchange Rules. Additionally, the Eurex CDs “All about Eurex Options“ and “All about Eurex Futures“ will help to complete the basic knowledge. The Tutorial Workbook provides additional advice including sample questions and explanations of the solutions. It summarizes the required knowledge for the examination and also gives detailed reference to the other preparatory material, such as the stratgey brochures, quick reference guides, etc.

4.2. List of Sample Questions

The list of sample questions contains about one third of the total question catalogue. These published questions are representative of the content covered in all questions of the exam. The list can also be downloaded from the Learning Portal (> Look&Book > Reference Materials).

4.3. Simulation Software eXams

The simulation software eXams is available to prepare for the exam. It can be ordered and downloaded from the Learning Portal (> Look&Book > Reference Materials).

eXams supports candidates in becoming familiar with the software used in the examination and allows the user to simulate exams under real conditions. Additionally, the published questions can be worked through sequentially or chapter-wise.

4.4. Tutorial Workbook

In the Tutorial Workbook, the content of the Eurex Trader Examination is presented and summarized in a targeted and comprehensive manner. The workbook follows the content structure of the examination, where each chapter includes a theoretical and a practical section. Following the theoretical information, users are given a series of sample questions taken from the catalogue along with explanations of the corresponding solutions. Numerous tables and diagrams help to visualize complex contexts and structures. Specific references provided throughout the workbook ease the search for details in the respective basic study materials. The workbook´s appendix contains a detailed formula overview and a list of literature recommended for in-depth studies, plus a glossary with definitions and explanations of all relevant terms.

4.5. Forum for Exam Candidates on the Learning Portal

A forum to communicate with other participants about issues regarding the exam is offered on the Learning Portal. The questions will be moderated and answered by an experienced tutor.

4.6. Preparatory Courses

Participants have the opportunity to attend a special exam preparatory course. The focus of the course is to summarize and review the content covered in the examination. Relevant issues can also be discussed with other participants and a tutor in order to fill knowledge gaps. A detailed list of the seminars offered can be found and booked on the Learning Portal (> Look&Book > Courses > Derivative Markets).

4.7. Registration and Costs

Participants can register on line on the Deutsche Börse AG Trainingscenter´s Learning Portal. The costs are EUR 200. All examination dates offered are available on the Learning Portal (> Look&Book > Courses > Derivative Markets).

4.8. Contact Details

- Learning Portal (homepage of the trainingscenter) :

  http://trainingscenter.deutsche-boerse.com

- E-mail address

  Trainingscenter@deutsche-boerse.com

- Telephone and Fax

  Tel.: +49 (0)69 21 01 37 67

  Fax.: +49 (0)69 21 01 37 63

5. Appendix 1 – Summary of Exam Topics

Nr.	Chapter:	Exam Topics:
1.	**Rules and Regulations and Market Model**	• Basic Legal Principles of the Eurex Exchanges • Conditions of Trading • Clearing Conditions • Basic Functionalities of the Eurex Trading System • Trading Procedure • Matching Rules • Specific Regulations for Trading
2.	**Contract Specifications**	• Stock Options • Futures on Indices • Futures on Capital Market Products • Options on Indices • Options on Futures • Money Market Products
3.	**Fundamentals of Options and Futures Market Products**	
3.1	**Inter-relation between Cash Market / Options and Futures Market**	• Basic Underlying Markets • Market Risks • Dependencies between Cash and Derivatives Markets • Leverage Effect
3.2	**Options**	• Basic Options • Basic Positions • Time and Intrinsic Value • Volatility • Delta, Gamma und Theta • Put-Call Parity • Option Pricing Models • Combinations • Synthetic Positions
3.3	**Futures**	• Basic Futures • Cost of Carry • Conversion Factor • Cash and Carry Arbitrage • Duration and Basis Point Value
4.	**Use of Eurex Products**	• Stock Options • Futures on Indices • Futures on Capital Market Products • Options on Indices • Options on Futures • Money Market Products

6. Appendix 2 – Preparatory Material

The following preparatory material is available download from for the Eurex website (www.eurexchange.com) :

- Eurex Rules and Regulations (> marketplace)
- Eurex Product Specifications (entrance hall > publications > brochures > Eurex - Products)
- Eurex Quick Reference Guide Trading (entrance hall > publications > brochures)
- Eurex Capital Market Products and Trading Strategies Brochure (entrance hall > publications > brochures)
- Eurex Equity and Index Products and Trading Strategies Brochure (entrance hall > publications > brochures) – available soon
- Eurex Clearing - Risk Based Margining (entrance hall > publications > brochures)

The preparatory material listed below can be downloaded or ordered from the Learning Portal (http://trainingscenter.deutsche-boerse.com) :

- Eurex CD – All about Eurex Futures (> Look&Book > CBTs > Derivative Markets > CBT: Eurex-Futures)
- Eurex CD – All about Eurex Options (> Look&Book > CBTs > Derivative Markets > CBT: Eurex-Optionen)
- eXams offline – Trainings & Simulations-Software (> Look&Book > Reference Materials)
- Tutorial Workbook (> Look&Book > Reference Materials)

The Examination Regulations for the Exchange Trader Examination at Eurex and this Examination Guide are also available for download on the Eurex website (> marketplace > Rules & Regulations) or the Learning Portal (>Look&Book > Reference Materials).

Examination Regulations for the Exchange Trader Examination at Eurex

I. Part

Board of Examiners

1 Assumption of the Administrative Duties of the Exchange Trader Examination, Board of Examiners, Decision-Making

1.1 The members of the Board of Management (*Geschäftsführung*) of Eurex assume the duty pursuant to § 7 paragraph (5) of the Exchange Act to administer the examination for the purpose of evidencing the professional qualifications for engaging in transactions at Eurex. To this end, they shall establish a Board of Examiners (*Prüfungskommission*), consisting of the members of the Board of Management of Eurex or their representatives.

1.2 The Board of Examiners shall determine, by a majority of the votes cast, the results of such examination on the basis of a computer-supported evaluation.

2 Partiality

2.1 Members of the Board of Examiners who are or were related by blood or marriage to a candidate for examination should not be involved in the examination process.

2.2 If a concern regarding partiality is raised by a candidate for examination, the remaining members of the Board of Examiners shall determine whether or not to exclude the member concerned from administration of the examination. The concern regarding partiality shall be raised vis-à-vis the Board of Examiners no later than two weeks after the announcement of the examination date.

3 Confidentiality

The members of the Board of Examiners shall keep confidential all examination proceedings from third parties.

4 Examination Requirements Committee

The Board of Examiners may form a committee which shall determine the content of all examinations (Aufgabenausschuss). The decision shall be based on the examination requirements pursuant to Section 11.

II. Part

Examination Process

5 Right of Application

5.1 The application for admission to the examination may be submitted to the Board of Management of Eurex by

a) enterprises admitted to Eurex with the right to participate in options and futures trading, or

b) the individual to be examined.

5.2 The Examination Regulations shall be delivered to each applicant upon application for the examination or will be available on the Eurex home page.

6 Date of Examination

6.1 Examinations shall be held at least once annually in the last quarter of a given year. Additional examination dates shall be set when at least four applicants have registered.

6.2 The date for the written examination shall be published in a timely manner via the internet.

7 Examination Fee

7.1 Upon application for the examination, a fixed examination fee in the amount of 200 EUR shall be paid pursuant to section 5 of the Fee Regulations of Eurex Deutschland.

7.2 The examination fee shall be forfeited in the event of cancellation after the commencement of the examination.

8 Subject Matter of the Examination; Organization of the Examination

8.1 The subject matter of the examination is to determine the professional qualifications for options and futures trading. Such professional qualifications are present if knowledge is demonstrated with respect to the topics set forth in subsection 9.2 and to the extent set forth in subsection 15.1.

8.2 The topics of the examination requirements shall be organized in the following categories:

a) Rules and regulations of and market model for Eurex,

b) Contract specifications of products of Eurex,

c) Fundamentals of options and futures market products and inter-relation between spot market (Kassamarkt) and options and futures market (Terminmarkt),

d) Practical use of products of Eurex.

9 Conducting the Examination

9.1 The examination shall be held in the German or English language. Eurex is prepared to conduct the examination in other foreign languages. No oral examination shall be held.

9.2 During the examination, examination questions – supported by computer software – from the categories set forth in subsection 8.2 are to be answered. The Board of Management of Eurex is authorized to provide additional details with respect to the number, division into chapters, selection and weight of the examination questions in implementation provisions.

9.3 The total examination time shall be 3 ½ hours.

10 Public Nature

The examination is not public. Representatives of the Board of Management of Eurex are permitted to be present.

11 Supervision, Identification Duty and Instructions

11.1 The Board of Examiners regulates monitoring of the examination, which shall guarantee that the candidates for examination work independently and only with permitted aids.

11.2 Candidates for examination must provide identification at the request of the examination supervisor (the “supervisor”; Aufsichtsführender). They shall be instructed prior to the commencement of the examination regarding the examination procedure, the time available and the types of working and examination aids which may be used.

12 Deception and Breach of Rules

12.1 The supervisor may permit participants engaging in deceptive practices further participation in the examination under reservation of exclusion. If the disruption to the examination procedure is material, the supervisor may exclude the candidate for examination from further participation in the examination.

12.2 The Board of Examiners shall determine the final exclusion and consequences following hearing the candidate for examination. In serious cases, in particular premeditated deception, the examination may be declared to have been failed. The same shall apply to deceptions subsequently discovered within one year.

13 Withdrawal

13.1 The candidate for examination may withdraw by written declaration prior to the commencement of the examination. In such a case, the examination shall be considered not to have been taken; the same shall apply if the candidate for examination does not appear for the examination.

13.2 If the candidate for examination withdraws after the commencement of the examination without cause (wichtiger Grund), the examination shall be considered to have been failed.

13.3 The Board of Examiners shall determine the existence of cause. If cause exists, the examination shall be considered not to have been taken.

14 Passing of Examination, Announcement of Results

14.1 The examination to determine professional qualifications as an Exchange trader is deemed to have been passed if a result of at least 75% of the maximum points possible is achieved. There will be no special grading for performances achieving correct answers of between 75% and 100% of the examination questions.

14.2 The answers shall be evaluated using computer software.

14.3 The Board of Examiners shall determine the results of the examination in light of the computer evaluation.

14.4 The Board of Examiners shall promptly distribute a certificate reflecting satisfactory completion of the examination.

15 Failing and Repeating the Examination

15.1 The candidate for examination will be informed in writing of a decision regarding the failure of the examination. The Board of Examiners shall conduct a hearing with the candidate for examination prior to issuing its decision.

15.2 In the event that the examination has been failed, it may be re-taken twice.

15.3 The examination may be re-taken no earlier than one month after failure of the first examination or the re-take.

15.4 Credit for completed examination performances already furnished shall not be given.

16 Legal Remedy

An appeal against the decision may be submitted to the Board of Management of Eurex.

III. Part

17 Effective Date

The Examination Regulations shall enter into effect on September 1, 2002.

Appendix

Implementation Regulations for the Examination Regulations for the Exchange Trader Examination at Eurex

Pursuant to subsection 10.2 sentence 2 of the Examination Regulations, the Board of Management of Eurex issues the following Implementation Regulations regarding the procedure for the exchange trader examination on Eurex.

1 Number of Examination Questions

Each candidate for examination must, according to a defined allocation key (see appendix) answer 147 examination questions.

2 Selection of Examination Questions

2.1 All examination questions are recorded in a data bank and shall, in order to guarantee the comparability of one examination to another with respect to types of questions and degrees of difficulty, be selected by a random number generator from among a pool of questions which corresponds to the set of examination questions used by Eurex.

2.2 All candidates on a given examination date shall receive equivalent examination assignments.

3 Form and Manner of the Types of Questions within each Category

The examination questions shall be divided into three types of questions:

a) true / false questions,

b) multiple response questions,

c) open questions which may be answered with a number or one or more words.

The standard for the degree of difficulty of the examination questions is comprised of actual knowledge and, in addition, the requirements for the understanding and ability of a candidate for examination to apply such understanding.

4 Evaluation of Examination Questions

A total of 147 examination questions shall be posed. For each correctly answered examination question, points shall be given as follows:

- true / false questions 1 point,

- open questions 3 points,
- multiple response questions a maximum of 2 points.

  The multiple response questions shall be evaluated according to the following procedure:

  For each true examination response which was selected, the candidate for examination shall receive 0.5 points, for each true examination response which was not selected, 0.5 points shall be deducted. For each false examination response which was not selected, the candidate for examination shall receive 0.5 points, for each false examination response which was selected, 0.5 points shall be deducted. For each multiple response question, a minimum of 0 points may be given; a negative score cannot be given.

A total of 274 points can be achieved.

5 Effective Date

The Implementation Regulations shall enter into effect upon their official announcement.

Annex to the Implementation Regulations for the Examination Regulations for the Exchange Trader Examination at Eurex

Chapter		Questions	Percentage
1.	Rules and Regulations and Market Model		
1.1	Basic Legal Principles of the Eurex Exchanges	7	5
1.2	Conditions for Trading	7	5
1.3	Clearing Conditions	6	4
1.4	Basic Functionalities of the Eurex Trading System	6	4
1.5	Trading Procedure	9	6
1.6	Matching Rules	6	4
1.7	Specific Regulations for Trading	6	4
		47	**32**
2.	Contract Specifications		
2.1	Stock Options	6	4
2.2	Futures on Indices	3	2
2.3	Futures on Capital Markets Products	4	3
2.4	Options on Indices	3	2
2.5	Options on Futures	3	2
2.6	Money Market Products	3	2
		22	**15**
3.	Fundamentals of Options and Futures Market Products		
3.1	Inter-relation between Spot Market (Kassamarkt) / Options and Futures Market (Terminmarkt)	9	6
3.2	Options	16	11
3.3	Futures	12	8
		37	**25**
4.	Use of Eurex Products		
4.1	Stock Options	9	6
4.2	Futures on Indices	7	5
4.3	Futures on Capital Markets Products	8	6
4.4	Options on Indices	6	4
4.5	Options on Futures	5	3
4.6	Money Market Products	6	4
		41	**28**
	Sum of the examination questions (= selected from among all available examination questions)	**147**	**100**