

Back-Office Test

Questions and answers

15 June 2022

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1. Product Overview

1.	The Eurex Exchange offers on-exchange trading for a wide range of products as well as services for entering trades outside the order book (off-book trades).
	<input type="radio"/> True
	<input type="radio"/> False
2.	American-style equity options are not included in the Eurex product portfolio.
	<input type="radio"/> True
	<input type="radio"/> False
3.	Beside interest rate derivatives, equity and equity index derivatives also commodity derivatives can be traded at the Eurex Exchange.
	<input type="radio"/> True
	<input type="radio"/> False
4.	Eurex equity options can be both American-style and European-style.
	<input type="radio"/> True
	<input type="radio"/> False
5.	The last trading day of the Euro-Bund Futures is one exchange day prior to the delivery day.
	<input type="radio"/> True
	<input type="radio"/> False

6. The close of trading for equity index futures on the last trading day is consistent with the close of trading for equity index futures on any other exchange trading day.

True



False

7. It is not possible to enter off-order book transactions into the Eurex system.

True



False

8. Clearing Members with open short positions must notify Eurex on the last trading day of the maturing futures which debt instrument they will deliver.



True

False

9. A position limit is the maximum number of futures or option contracts in a product that maybe held by one Exchange Participant for one of its customers or for its own account.



True

False

10. How many exchange days prior to the delivery day is the last trading day of the Euro-Bund Futures?

1



2

3

10

11.	How many exchange days prior to the delivery day is the last trading day of the Euro-Bobl Futures?
<input type="radio"/>	1
<input checked="" type="radio"/>	2
<input type="radio"/>	3
<input type="radio"/>	10
12.	The final settlement prices for equity index futures....
<input checked="" type="radio"/>	<input type="radio"/> is determined by Eurex Clearing on the final settlement day of the respective contract.
<input type="radio"/>	<input type="radio"/> always based on the volume-weighted average of the prices of the last two trading minutes.
<input type="radio"/>	<input type="radio"/> for all maturity months is based on the average bid/ask spread of the combination order book.
<input type="radio"/>	<input type="radio"/> is determined on the last trading day of the contract, which is the third Thursday of each maturity month.
13.	Which of the following statements in respect to equity index futures is incorrect?
<input type="radio"/>	<input type="radio"/> The last trading day is the final settlement day
<input checked="" type="radio"/>	<input type="radio"/> The final settlement day is the third Thursday of each maturity month
<input type="radio"/>	<input type="radio"/> Cash Settlement is payable on the first exchange day following the final settlement day.
<input type="radio"/>	<input type="radio"/> The final settlement price is determined by Eurex Clearing AG.





14. What is the fundamental difference between equity and equity index options trading at the Eurex Exchange?

- The choice of exercise price is less important for the equity index option than for the equity option.
- The underlying instrument has less effect on the equity option than on the equity index option.
- Equity index options are European-style, while equity options American-style or European-style.
- Potential profits and losses of equity index options are more calculable than potential profits and losses of equity options.

15. Which statement is correct?

- Put options grant the seller the right to sell a security.
- Put options grant the buyer the right to buy a security.
- Call options grant the buyer the right to purchase a security.
- Call options grant the buyer the right to sell a security.

2. Clearing Conditions

16.	In case a Clearing Member does not fulfil delivery obligations out of a fixed income futures position in time, interest and penalties will be calculated.
	<input type="radio"/> True
	<input type="radio"/> False
17.	All internal position accounts are held on a net basis.
	<input type="radio"/> True
	<input type="radio"/> False
18.	A DC Market Participant is only allowed to have a contractual relationship with one Clearing Member.
	<input type="radio"/> True
	<input type="radio"/> False
19.	A short position of an Undisclosed Direct Client or Indirect Client must be recorded in the relevant Customer Account separately from a long position of another Undisclosed Direct Client or Indirect Client in the same option series or in the same futures contract.
	<input type="radio"/> True
	<input type="radio"/> False

20. The amount of own funds that has to be demonstrated by a Clearing Member is calculated without dynamic component.

True



False

21. Positions are held net on all transaction accounts (A, P and M) of Clearing-Member.

True



False

22. Any kind of OTC transaction can be entered into the Eurex system for clearing.

True



False

23. Eurex Clearing may at any time re-evaluate and adjust the Default Fund contributions for each Clearing Member.



True

False

24. For additional contract versions, which could be entered via the Eurex T7 Entry Services, all contract specifications are negotiable.

True



False

- 25.** An untimely notification for a Euro-Bund Futures position has the consequence that ...
- the Clearing Member awaiting delivery determines the bonds to be delivered.
 - Eurex Clearing determines the bonds to be delivered by the Clearing Member.
 - the Clearing Members determine the bonds to be delivered.
 - the Cheapest-to-Deliver (CTD) is determined as the bond to be delivered.
- 26.** Eurex Clearing assigns the German government bonds which have been notified for delivery to Clearing Members with open long Euro-Bund Futures positions in the following manner:
- First in - First out (FIFO)
 - Last in - First Out (LIFO)
 - Highest in - First out (HIFO)
 - by using a selection procedure that ensures the neutrality of the allocation process.
- 27.** Which measure can Eurex Clearing take if an Account Sponsor (Clearing Member) does not fulfil its delivery obligation arising out of a short position in Euro Bund futures?
- Obtain the outstanding bonds by securities lending
 - Designate another bond than the notified from the basket of deliverable bonds.
 - Make a replacement purchase (buy-in).
 - All of the above.

3. Transaction Management

28. A Transaction Separation is only possible for transactions on M accounts.

True



False

29. All German equity options can only be exercised on the last trading day until 20:00 CET.

True



False

30. The deadline for exercising equity options is identical for the majority of Eurex equity options regardless of their home country.



True

False

31. Eurex Clearing will allocate exercised contracts to holders of short options.



True

False

32. European-style equity options can only be exercised on the last trading day until the start of the Restricted Access Phase in C7.



True

False

33. If no in-the-money minimum amount has been set for certain options, Eurex Clearing will automatically exercise them according to the standard parameters.



True

False

34. An automated exercise of Eurex options only happens on the last trading day.



True

False

35. All Account Owners (e.g. DC Market Participants) can carry out notifications and allocations of futures contracts themselves.

True



False

36. Trading of the expiring fixed income futures contract closes at a different time on the last trading day compared to other trading days.



True

False

37. Notifications of fixed income futures contracts are always performed by the Account Sponsor (Clearing Member) holding the long position.

True



False

38. The "Take-up Trades Overview" report (CB751) does not show totals and rejected give-ups.

True



False

39. With the Eurex Clearing System it is possible to query daily position movements and view the current positions on each account.



True

False

40. The "Contract Expiration" report (CE710) provides information related to option series with a time till expiry of not more than ten trading days.



True

False

41. The report "Deliverable Bonds" (CE038) contains information on deliveries resulting from notification or allocation notice.

True



False

42. The delivery notification takes place on the delivery day of the futures contract (10th calendar day of the delivery month).

True



False

43. The "Notification/Allocation Information" report (CE775) is not available for DC Market Participants.



True

False

44. The "Notification/Allocation Information" report (CE775) provides information on deliveries resulting from notification or allocation notice



True

False

45. A trade with closing error cannot happen in a P-position account of a member.



True

False

46. External position transfers are "real-time".



True

False

47. In the No Position Move phase, it is not possible to enter give-ups. .



True

False

48. Pending give-ups are cancelled during the end-of-day processing.

True



False

49. Give-ups are only possible for open transactions (opening transactions).



True

False

50. Give-up trades can only be done from A position accounts.

True



False

51. DC Market Participants can take-up transactions without the acceptance of their Clearing Members.

True



False

52. Which of the following statements regarding Give-ups are correct?



All Give-up/Take-up requests by an Account Owner (DC Market Participants, DC with System Access) require the approval of the respective Account Sponsor (Clearing Member).



Only transactions in status "to open" may be used in a Give-up.

Account Owner (DC Market Participants, DC with System Access) generally cannot receive and accept Give-ups.



Account Sponsors (Clearing Members) can set an automatic acceptance of give-ups (auto approve).

53. Which of the following statements are correct?

In principle, Account Owners who carry out the transaction management for their transactions themselves (e.g. DC Market Participants) can take-up transactions without the acceptance of their Account Sponsor (Clearing Member).



In principle, Account Owners who carry out the transaction management for their transactions themselves (e.g. DC Market Participants) cannot take-up transactions without the acceptance of their Account Sponsor (Clearing Member)



Give-ups can be performed for transactions which were done a maximum of 5 trading days ago.

Give-ups can be performed for transactions which were done a maximum of 4 trading days ago.

54. Give-ups are possible ...



among others for opening trades ("to open" indicator) on agent accounts.

for all transactions on agent accounts.



on T to T+5.

on trading day T.

55. Which statements regarding notifications are correct?

Notifications can be performed on the "Notification Detail Overview" window at any time.


















Notifications can be performed on the "Notification Detail Overview" window only on the Last Trading Day.

Notifications can be performed by each Account Owner (e.g. DC Market Participant) or by the Account Sponsor (Clearing Member) in the "Notification Detail Overview" window.



Notifications can be performed only by the Account Sponsor (Clearing Member) in the "Notification Detail Overview" window.

56.	Which statements regarding allocations are correct?
	<input type="checkbox"/> The securities nominated in the delivery notification are randomly allocated.
	<input type="checkbox"/> Account Sponsors (Clearing Members) are not informed about the allocations.
	<input type="checkbox"/> Account Sponsors (Clearing Members) must pay a fee for the allocation.
	<input type="checkbox"/> The allocation of securities obliges the holder of short positions in fixed income futures contracts to accept the securities against payment
57.	Which reports are necessary for option positions?
	<input type="checkbox"/> CE710 In-the-money Advisory
	<input type="checkbox"/> CE771 Options on Futures ExerAssign Overview
	<input type="checkbox"/> CE770 Exercise and Assign Overview
	<input type="checkbox"/> CE038 Deliverable Bonds
58.	Which data is included in the "Exercise and Assign Overview" report (CE770)?
	<input type="checkbox"/> Exercises and assignments across all traded products
	<input type="checkbox"/> Exercises of options on futures
	<input type="checkbox"/> Exercises of equity options
	<input type="checkbox"/> Assignments of equity options

59.	What statements apply to the exercise of option contracts?
	<input type="checkbox"/> A minimum in-the-money amount can be set for automatic exercise
	<input type="checkbox"/> Automatic exercise can be deactivated for certain positions
	<input type="checkbox"/> The exercise must be performed by the Account Owners who hold the positions, provided that they carry out the transaction management for their transactions themselves (e.g. DC Market Participants).
	<input type="checkbox"/> The exercise is always carried out by the Account Sponsor (Clearing Member).
60.	Transactions are adjustable for a limited period, known as the transaction duration. Adjustments can be made on ...
	<input type="checkbox"/> T (Trade Day)
	<input type="checkbox"/> T+1
	<input type="checkbox"/> T+2
	<input type="checkbox"/> T+5
61.	To split a 3-day old transaction in C7,
	<input type="radio"/> a historical trade transfer (HITT) is required.
	<input type="radio"/> a transaction separation is required.
	<input type="radio"/> a call to Eurex Clearing with the request to cancel the transaction and re-open it accordingly is required.
	<input type="radio"/> a change in the internal back office system of the clearing member is enough.

62. At what time does trading stop in a maturing fixed income futures contract on the last trading day, on which notification must also be made?

11:30 CET



12:30 CET

13:30 CET

20:00 CET

63. What is the deadline for the notification in maturing fixed income futures on the last trading day?

11:00 CET



20.00 CET

13:30 CET

19:00 CET

64. Which statement regarding notifications is incorrect?

Usually the holder of the short positions notifies the bond which is the cheapest for him to deliver (CTD).

The delivery notification is made on the last trading day of the futures contract,

For delivery notifications the Clearing Member has to pay a fee.



Usually the holder of the long positions notifies the bond which is the cheapest for him to deliver (CTD).

65. Which situation will result in a trade closing error?
- If an order is entered without open/closing indicator.
 - If a trader enters a closing order into the system which is bigger than the open positions on the account involved is sufficient.
 - If a trader enters a closing order into the system which is bigger than the open positions on the account involved.
 - Always in the event of erroneous entry of a closing order into the system.

66. What happens if a transaction is specified as a closing transaction without sufficient open positions existing in the specific P-account?
- Automatic opening of a position in the account, with the size being equivalent to the number of contracts which could not be closed out
 - Automatic notification of the Exchange Participant and request to give an explanation
 - Classification of transaction as an 'out trade'
 - Automatic reduction of the position the account, equivalent to the size which could not be closed out

67. Who bears the transaction fee for an accepted transaction given-up from an A-account?
- The Account Owner/Sponsor performing the transaction.
 - The Account Owner/Sponsor taking up the transaction.
 - The Account Owner/Sponsor giving up the transaction.
 - It will be split between the two involved Account Owners/Sponsors.

- 68.** You must split and give up a Euro Bund Futures transaction between three different members. Which windows will you use?
- Position Overview; Position Transfer Entry
 - Give-up Overview; Give-up Maintenance
 - Position Detail Overview; Trade Separation]; Position Detail Maintenance - Account Transfer
 - Transaction Overview; Transaction Separation; Give-up Overview; Give-up Maintenance

- 69.** Which of the following answers concerning transaction separations is correct?
- Transaction separations cannot be performed on P-accounts.
 - Transaction separations are only possible within the Post-Trading-Period.
 - To perform a transaction separation the Transaction Overview window has to be opened and the transaction to be separated has to be selected.
 - Transaction separations can be performed only on the trading day (T).









- 70.** What is the exercise deadline for American-style Eurex equity options?

- 17:00 CET on the Last Trading Day
- 19:00 CET on the Expiration Day
- 20:00 CET on the Last Trading Day
- 18:30 CET on the Expiration Day

- 71.** Which statement concerning the exercise of stock options is correct?
- Only in-the-money options may be exercised.
 - All Eurex stock options may only be exercised on the last trading day.
 - The exercise has to be conducted by the exchange participant holding the position.
 - Automatic exercise cannot be abandoned for stock options.

- 72.** Which options are automatically exercised on the last trading day according to the in-the-money minimum amount defined by the exchange participant?
- Equity options which are at least EUR 1.00 in-the-money
 - None
 - Only index options and options on a Three-Month Euribor Future booked in the member principal position accounts.
 - All long option positions that have the in-the-money minimum amount according to the standard parameters.

4. Risk Management

73.	What happens if an Account Sponsor (Clearing Member) uses the Stop button to suspend one of its DC Market Participants from trading?
	<input type="checkbox"/> Open orders and quotes of the affected DC Market Participant will be deleted.
	<input type="checkbox"/> Only open quotes of the affected DC Market Participant will be deleted.
	<input type="checkbox"/> Further trading and clearing activities are prohibited.
	<input type="checkbox"/> Eurex T7 Entry services (TES) can still be used by the affected DC Market Participant.
74.	Which statements regarding "Stop" or "Release" actions via the Stop Button in C7 are correct?
	<input type="checkbox"/> The entries have to be done manually.
	<input type="checkbox"/> The four-eye principle optionally applies.
	<input type="checkbox"/> Account Sponsors (Clearing Members) and DC Market Participants cannot carry out stop/release actions affecting themselves.
	<input type="checkbox"/> The actions are done automatically in case special limits are reached.
75.	Which answers are correct concerning the Stop Button in C7?
	<input type="checkbox"/> Members are informed immediately about the Stop/Release action by messages in English and German in the Eurex system.
	<input type="checkbox"/> Optionally the four-eye principle applies.
	<input type="checkbox"/> Eurex T7 Entry services (TES) are still available.
	<input type="checkbox"/> Further trading and clearing activities are prohibited.

76. Which statement on risk management is wrong?

- A Liquidation Group combines all products that share similar risk profiles.
- Current Liquidating Margin is calculated for futures and future-styled options.
- When determining margin requirements forward and backward-looking margin components are considered.
- Variation Margin is a backward-looking margin component.

77. Which statement regarding Premium Margin is correct?

- Premium margin must be deposited by the buyer of an option.
- Premium margin must be deposited by the seller of an option.
- Premium margin is calculated once a day at the end of trading.
- Premium margin is a forward-looking margin.

78. The forward-looking margin type within Prisma is called ...

- Variation Margin
- Initial Margin
- Premium Margin
- Additional Margin

79. Which margin type is calculated for traditional options like Eurex equity options or Eurex index options?

- Variation Margin
- Additional Margin
- Current Liquidating Margin
- Premium Margin

80. Which statement concerning Prisma is not correct?

- The risk calculation is based on individual products, more precisely on margin classes and margin groups.
- The margin requirement is calculated for a small number of liquidation groups.
- The risk calculation depends on the number of days corresponding to the holding period.
- The risk is calculated using simulations.

81. Which of the following statements concerning the initial margin is not correct?

- The initial margin can be covered both during the day and at the end of the day by securities or cash collateral.
- The calculation methodology for the initial margin takes potential correlation and netting effects within liquidation groups into account.
- When calculating the initial margin, the two main subcomponents market and liquidity risk as well as event risk are taken into account.
- The initial margin is calculated retrospectively at the end of each day.

82. Which answer is correct concerning Advanced Risk Protection?



If both Accounts Sponsor (Clearing Member) and DC Market Participant set limits, the more restrictive limit will be applied.

If both Accounts Sponsor (Clearing Member) and DC Market Participant set limits, the Accounts Sponsor's limit will be applied.

If both Accounts Sponsor (Clearing Member) and DC Market Participant set limits, the DC Market Participant's limit be applied.

If both Accounts Sponsor (Clearing Member) and DC Market Participant set limits, the last set limit will be applied.

83. Which window is used to set limits for the Advanced Risk Protection in C7?

Panic Cancel

Event Log Limit



Limit Maintenance

Risk Limit

84. A Level 2 action within Advanced Risk Protection ...

is an alert message.









means that the trading status of the member is set to "Halt".



is a slowing down of the entry of orders/quotes of the member.

is a deletion of all orders and quotes.

5. Collateral Management

85.	Equities in which currencies are accepted by Eurex Clearing as collateral?
	<input type="checkbox"/> EUR
	<input type="checkbox"/> USD
	<input type="checkbox"/> GBP
	<input type="checkbox"/> CHF
86.	Which types of securities are generally not accepted by Eurex Clearing as collateral
	<input type="checkbox"/> Own issues
	<input type="checkbox"/> Close link securities
	<input type="checkbox"/> Bonds
	<input type="checkbox"/> Equities
87.	The range of Eurex Clearing admissible collateral includes ...
	<input type="checkbox"/> Bonds
	<input type="checkbox"/> Equities
	<input type="checkbox"/> Cash in EUR
	<input type="checkbox"/> Cash in USD

88. Which statement concerning collateral eligibility is correct?

- Eurex Clearing accepts only cash collateral.
- Eurex Clearing accepts cash and securities collateral.
- Eurex Clearing takes no haircuts into account in case of securities collateral.
- Gold and the financial product "Xetra Gold" are accepted as collateral.

89. Which of the following securities does Eurex Clearing accept as collateral?

- Own Issues.
- Unsecured bank bonds.
- ETFs.
- Debt securities with a remaining term of 15 or less calendar days.

90. Which statement about Haircuts is correct?

- Eurex Clearing takes no haircuts into account in case of securities collateral.
- Eurex Clearing applies maximum haircuts for bonds and equities to cover specific risks of these assets.
- The higher the haircut, the higher the risk of the asset and the lower the value as collateral.
- None of the above.