



DEUTSCHE BÖRSE
CASH MARKET

**Exchange Trader Exam
Frankfurter Wertpapierbörse
(FWB[®], the Frankfurt Stock Exchange)**

Questions and answers

April 2018

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Information material

The Exchange Trader Exam deals with the two subject areas “Rules and Regulations of FWB” and “Functionality of trading at FWB”.

You will find information on these topics on www.xetra.com.

Questions in chapter 1 are based on the rules and regulations for the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange). . Exam questions refer to Exchange Rules, Conditions for Transactions and Trading Regulation for the Regulated Unofficial Market on the Frankfurter Wertpapierbörse (<http://www.xetra.com/xetra-en/meta/rules-and-regulations>).

Xetra and Börse Frankfurt are the two trading venues operated by Deutsche Börse for the Frankfurt Stock Exchange. Both trading venues are subject of the exam.

Information on chapter 2 can be found in the menu item Trading > Trading models > Continuous trading with auctions. The Market Model for the trading venue Xetra and the Market Model Continuous Auction for Börse Frankfurt can be downloaded under “Further information” at the bottom of the page.

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1 Rules and Regulation of the FWB

1-001

For which of the following functions is the Exchange Council not responsible?

- D**
- A: Adoption of the Exchange Rules.
 - B: Supervision of the Board of Management.
 - C: Appointment of the head of the Trading Surveillance Office.
 - D: Admission of securities.

1-002

Which Exchange body decides on the commencement, suspension, interruption and discontinuation of the price fixing for securities?

- C**
- A: Market Supervision Xetra.
 - B: Trading Surveillance Office.
 - C: Board of Management of the Exchange.
 - D: Exchange Council.

1-003

For which of the following functions is the Board of Management of the Exchange responsible?

- B**
- A: Monitoring of exchange trading as the implementing body of the Supervisory Authority.
 - B: Definition of start and end of price determination.
 - C: Brokerage of exchange transactions.
 - D: Prosecution of insider trading violations.

1-004

Which German law requires every exchange to establish and operate a Trading Surveillance Office?

- C**
- A: German Securities Trading Act
 - B: German Banking Act
 - C: German Exchange Act
 - D: German Exchange Supervisory Act

1-005

Under the Exchange Rules trading participants must provide sufficient collateral to settle their transactions. Which body is responsible for monitoring compliance with the security limit to be provided by the individual trading participants?

- B**
- A: Board of Management of the Exchange.
 - B: Trading Surveillance Office.
 - C: German Federal Financial Supervisory Authority (BaFin).
 - D: Exchange Supervisory Authority.

1-006

Which of the following measures are not available to the Disciplinary Committee when taking action against a trading participant?

- D**
- A: Reprimand.
 - B: Fine of up to 1,000,000 €.
 - C: Suspension from the Exchange for up to 30 trading days.
 - D: Irrevocable withdrawal of the trading license.

1-007

Which statement is not correct in case of technical problems?

- D**
- A: In the event of blocking the access to the exchange EDP for all companies, no more entries can be effected.
 - B: In the event that the trading system of a company is non-functional, the Management Board may, upon request, enter data into the exchange EDP on behalf of such trading participant.
 - C: A breakdown of the telephone system or another failure which prevents a communication via telephone shall immediately be made known to the Management Board by the company or the concerned exchange trader.
 - D: Trading Surveillance Office can block the access to the exchange EDP for one, several or all companies.

1-008

When can the Board of Management of the Exchange lock the access to the Exchange EDP?

- A**
- A: In case of technical problems.
 - B: In case of personnel problems at a participant with a high trading turnover.
 - C: As a rule, the access to the trading system cannot be locked.
 - D: None of the above

1-009

How is the identity of participants verified for "trading on behalf" in emergencies?

- C**
- A: By mentioning a personal identification number.
 - B: By callback from Market Supervision staff members.
 - C: By mentioning an active user ID.
 - D: By mentioning the system password.

1-010

According to section 59 of the Exchange Rules for the Frankfurt Stock Exchange, on which occasion is trading on FWB suspended in the Regulated Market?

- C**
- A: If orderly settlement is temporarily at risk
 - B: On the day before the annual financial statement of a stock corporation is released
 - C: If it is deemed necessary in order to protect investors
 - D: On the day of the stock corporation's annual general meeting

1-011

Who must be immediately informed by the Exchange's Board of Management, if trading in Regulated Market is suspended?

- B**
- A: The Trading Surveillance Office and the Exchange Supervisory Authority
 - B: The German Federal Financial Supervisory Authority (BaFin) and the Exchange Supervisory Authority
 - C: The Exchange Council and the Trading Surveillance Office
 - D: The Exchange Supervisory Authority and the Exchange Council

1-012

Which statement is wrong?

- C**
- A: If trading in the Regulated Market is suspended by the Management Board existing orders are deleted.
 - B: Suspension of trading can be restricted to parts of trading.
 - C: Suspension of trading is only possible for trading as a whole.
 - D: If trading in the Regulated Market is interrupted by the Management Board existing orders are not deleted.

1-013

Who specifies whether trading of the structured products shall be included in the Market Maker model or in the Specialist model?

- A**
- A: Issuer
 - B: Trading Surveillance Office
 - C: Issuer together with the Specialist
 - D: Market Supervision

1-014

Which of the following statements is not applicable for Quote Providers in structured products?

- C**
- A: They must have access at FWB to the trading system.
 - B: They shall guarantee the staff, technical and financial resources necessary for fulfilment of the quotation duty.
 - C: They have to be the issuer.
 - D: They need an expert contact person being admitted at FWB as exchange trader.

1-015

Which statement is not valid for trading structured products?

- B**
- A: Short selling is prohibited.
 - B: The Board of Management determines if the security will be traded in the Market-Maker model or Specialist model.
 - C: The issuer shall name a quote provider for the respective security in his/her application for introduction.
 - D: The Board of Management may define for orders a highest admissible number per series and a highest admissible volume within a certain period of time.

1-016

Which statements are valid for Market Maker in continuous trading with intraday auctions?

- A|B|D**
- A: They are obliged to flag market maker quotes that are entered within the scope of their market making strategy (Liquidity Provision Flag).
 - B: For each security in continuous trading with intraday auctions, which is included in a market making strategy, an admission as market maker is required.
 - C: They are required to enter continuously binding market maker quotes in at least ten securities and during 50% of the quote time on a monthly average .
 - D: They are required to enter continuously binding market maker quotes in at least one security and during 50% of the quote time on a monthly average.

1-017

Which of the following obligations must be fulfilled by Quote Providers for structured products?

B|C|D

- A: In the Specialist model the indicative quotes made available to the specialist must always have an ask limit.
- B: In the Specialist model they shall provide at least one indicative quote to the Specialist on each trading day.
- C: In the Market Maker model they shall permanently enter binding quotes during the trading hours.
- D: They shall name a binding quote to the Specialist upon his/her request.

1-018

Which of the following roles are available at FWB?

A|B

- A: Quote provider in the Market Maker model.
- B: Market Maker in continuous trading with intraday auctions.
- C: Designated Sponsor in continuous auction.
- D: Specialist in continuous trading with intraday auctions.

1-019

What is prohibited according to the market integrity clause (section 121 Exchange Rules for the FWB)?

C

- A: Concluding OTC trades.
- B: Placing orders in accordance with the common market practice.
- C: Effect a price which is not in line with the market or an artificial price level in the Exchange EDP.
- D: None of the above.

1-020

Which of the following circumstances does violate the market integrity clause (section 121 Exchange Rules for the FWB)?

D

- A: Causing an artificial price level.
- B: Entering orders that are suitable to erroneously or deceptively influence offer and demand in a security.
- C: Influencing the price of a security due to orders of one trading participant.
- D: All of the above.

1-021

Which area is not covered by the market integrity clause (section 121 Exchange Rules for the FWB)?

D

- A: Exchange trade settlement.
- B: Order entry in the Exchange EDP.
- C: Quote entry in the Exchange EDP.
- D: Entry and settlement of OTC trades.

1-022

For securities defined by the Board of Management the netting of receivables and liabilities (clearing) for transactions is carried out by a clearing house.

T True False

1-023

Deutsche Boerse AG act as the central counterparty for transactions in CCP capable securities.

F True False

1-024

Settlement for trades concluded on FWB is done in principle via Clearstream Banking AG or via another central securities depository recognised in the Exchange Rules.

T True False

1-025

Which statements are correct for pre-arranged trades under section 3 of the Conditions of Transactions on the Frankfurt Stock Exchange?

- A|C**
- A: During continuous trading (trading model continuous trading with intraday auctions) they are admissible if one of the participants, prior to entering his/her order, has entered an appropriate cross request.
 - B: During continuous trading (trading model continuous trading with intraday auctions) they are always forbidden.
 - C: The order leading to the pre-arranged trade must to be entered earliest 5 seconds and latest 35 seconds after the cross request.
 - D: None of the above.

1-026

Which of the following circumstances violate section 3 of the Conditions of Transactions on the Frankfurt Stock Exchange?

- B|C|D**
- A: The entry of opposite orders concerning the same security and executable immediately by several traders of one company.
 - B: A knowing cross trade without cross request before.
 - C: A pre-arranged trade without cross request before.
 - D: Orders entered with the intention of influencing the price of the relevant security in midpoint order matching.

1-027

When is a cross trade or a pre-arranged trade permitted according to section 3 of the Conditions of Transactions on the Frankfurt Stock Exchange?

- A|B**
- A: If one of the involved traders had entered a cross request in continuous trading (trading model continuous trading with intraday auctions) before.
 - B: If the order leading to the cross trade or pre-arranged trade had been entered earliest 5 seconds and latest 35 seconds after the cross request.
 - C: If one of the involved traders had announced the cross trade or pre-arranged trade to trading surveillance office.
 - D: If the phase crossing is active in the trading system.

1-028

Which statements are correct for cross trades?

B|C

- A: During continuous trading (trading model continuous trading with intraday auctions) they are always forbidden.
- B: If the self match prevention function is used by a trading participant, unintended crossings during continuous trading (trading model continuous trading with intraday auctions) are prevented by the trading system.
- C: During continuous trading (trading model continuous trading with intraday auctions) they are admissible if one of the participants, prior to entering his/her order, has entered an appropriate cross request.
- D: None of the above.

1-029

Which details must a cross request contain?

B|D

- A: Trader ID
- B: Quantity
- C: Limit
- D: Security

1-030

Cross trades and pre-arranged trades ...

A|B

- A: are admissible during continuous trading (trading model continuous trading with intraday auctions), if they have been announced by a cross request and the deadline of order entry has been met.
- B: are possible in auctions and volatility interruptions.
- C: are always forbidden.
- D: can be entered into the system anytime.

1-031

What happens if one of the counterparties in a direct transaction between two trading participants (without Central Counterparty) does not perform in a timely manner?

- C**
- A: Compulsory enforcement
 - B: Compulsory auction
 - C: Compulsory settlement
 - D: Compulsory cancellation

1-032

Can compulsory settlement under section 6 of the Conditions for Transactions on the Frankfurt Stock Exchange be enforced in the case of a CCP trade?

- C**
- A: Yes, section 6 of the Conditions for Transactions on the Frankfurt Stock Exchange also applies to these transactions.
 - B: No, the measures for enforcing the clearing member to meet his/her obligations are governed by the clearing conditions of the Frankfurt Stock Exchange.
 - C: No, the measures for enforcing the clearing member to meet his/her obligations are governed by the Eurex clearing conditions.
 - D: None of the above

1-033

What conditions must be observed so that compulsory settlement of an Exchange transaction within a non CCP security which has not been performed in a timely manner is effective against the defaulting counterparty?

- D**
- A: The Board of Management of the Exchange must be notified of the compulsory settlement.
 - B: The Trading Surveillance Office must be notified of the compulsory settlement.
 - C: The German Federal Financial Supervisory Authority (BaFin) must be notified of the compulsory settlement.
 - D: The defaulting party must be notified of the compulsory settlement.

1-034

For Exchange transactions due for settlement the seller is obligated to pay the corresponding cash amount for the securities.

- F**
- True False

1-035

For Exchange transactions due for settlement the buyer is obligated to pay the corresponding cash amount for the securities earliest on the third day after trade conclusion.

- F**
- True False

1-036

Exchange transactions must be settled on the second day after the trade day.

- T**
- True False

1-037

Which deadline must be considered in connection with a mistrade application?

C|D

- A: In case of securities traded in Continuous Trading with intra-day auctions or in auctions, the Mistrade application shall be submitted within three trading hours upon receipt of the execution confirmation.
- B: In case of securities traded in Continuous Auction, the Mistrade application shall be submitted within one trading hour upon receipt of the execution confirmation.
- C: In case of trades in securities traded in Continuous Auction, the Mistrade application shall be submitted within two trading hours upon receipt of the execution confirmation.
- D: In case of securities traded in Continuous Trading with intra-day auctions or in auctions, the Mistrade application shall be submitted within ten minutes upon receipt of the execution confirmation.

1-038

Under which circumstances can the Board of Management cancel a transaction?

A|C

- A: The price of the transaction in question is not in line with market conditions.
- B: The price of the transaction in question is in line with market conditions.
- C: An admissible application was submitted
- D: The involved parties reach an agreement without involving the Exchange and notify the Exchange within 24 hours.

1-039

Which details must a mistrade application contain?

A|B|C

- A: Company and contact person of the applicant.
- B: Time, volume and price of transaction.
- C: Details regarding the price in line with market conditions.
- D: Company and contact person of the counterparty.

1-040

Which duties does Specialists have in trading funds (w/o ETFs)?

A|C|D

- A: During trading hours they shall permanently provide indicative quotes.
- B: During trading hours they shall permanently provide binding quotes.
- C: They have to ensure that at least one price determination per trading day is carried out by the electronic trading system.
- D: Their indicative quotes have to fulfil the minimum requirements to the quotation volume and to the spread.

1-041

Which special provisions do exist for trading funds (w/o ETFs)?

B|C|D

- A: Funds are traded in Continuous Auction with Market Maker.
- B: Funds are exclusively traded in Continuous Auction with Specialist.
- C: Indicative quotes must have a minimum volume.
- D: Indicative quotes must stay in line with a maximum spread.

1-042

When do exceptions apply to the quotation duty of the Specialist in trading funds (w/o ETFs)?

A|B|C|D

- A: In case of special circumstances in the area of the Specialist (e.g. system breakdown).
- B: In case of a suspension of the issue of funds by their issuer.
- C: In case of a suspension of the repurchase of funds by their issuer.
- D: In case of a special market situation.

1-043

Which of the following statements is not applicable for trading funds (w/o ETFs) in Continuous Auction?

C

- A: The quotation of the Specialist shall be made on the basis of the current order book situation and the price of the funds calculated by the Specialists.
- B: During trading hours Specialists shall continuously provide indicative quotes.
- C: The quotation of the Specialist shall be made exclusively on the basis of the current order book situation.
- D: The Specialist shall avoid partial executions by the electronic trading system.

1-044

Where are the tasks for the Specialists in trading funds (w/o ETFs) in addition to the Exchange rules regulated?

A

- A: In the trading regulation for the Regulated Unofficial Market on Frankfurter Wertpapierbörse (FWB).
- B: In the general terms and conditions for Xetra.
- C: In the conditions for transactions on the Frankfurter Wertpapierbörse (FWB).
- D: None of the above.

1-045

Which statement regarding the quotation duty of Specialists in trading funds (w/o ETFs) is correct?

A

- A: During trading hours indicative quotes must be provided continuously,
- B: The minimum volume for the indicative quotes is equal for all funds.
- C: A maximum spread is not defined for indicative quotes.
- D: Minimum volumes are required for binding quotes only.

2 Functionality of trading at FWB

2.1 Xetra - Continuous trading in connection with auctions

2-001

Which statements are valid for continuous trading in connection with auctions?

- A|B|D**
- A: The trading model is order driven.
 - B: Orders are executed according to price/time priority.
 - C: Trading of fractions is supported.
 - D: Trading is anonymous.

2-002

To what extent is Xetra trading anonymous?

- A|B|C**
- A: As all securities are processed through a central counterparty (CCP), market participants cannot identify the counterparty.
 - B: Market participants cannot identify which market participant entered an order pre-execution.
 - C: As all securities are included in the clearing process, the anonymity extends to the settlement layer.
 - D: Due to the clearing process, the identity of the counterparty for each trade is displayed.

2-003

Which statements are valid for continuous trading in connection with auctions?

- A|D**
- A: All whole number order sizes are tradable in all auctions.
 - B: In opening auctions also fractions are supported.
 - C: Auctions are only called when required.
 - D: During the call phase the order book is partially closed.

2-004

Which securities are tradeable in the trading model continuous trading in connection with auctions?

- C**
- A: All securities listed at Frankfurt Stock Exchange.
 - B: Selected shares, bonds, Exchange Traded Funds and Exchange Traded Products.
 - C: Selected shares, Exchange Traded Funds and Exchange Traded Products.
 - D: None of the above.

2-005

Which statement is correct for the usage of the trading venue Xetra?

- D**
- A: Three hierarchy levels of traders are distinguished.
 - B: Information users without trader admission are possible.
 - C: Traders can be organized in trader groups.
 - D: All of the above.

2-006

In the trading model continuous trading in connection with auctions a trader can act as

- B**
- A: Issuer.
 - B: Designated Sponsor.
 - C: Specialist.
 - D: Quote provider.

2-007

Which statement regarding pre- or post-trading is correct?

- B**
- A: Market Participants can see the order book situation without restrictions.
 - B: Market participants can enter, modify and delete orders and quotes during the pre-trading phase.
 - C: Market participants can enter, modify and delete orders and quotes for the next trading day during the post-trading phase.
 - D: The indicative auction price of the opening call is displayed during the pre-trading phase.

2-008

Which auction form does not exist on the trading venue Xetra?

- C**
- A: Opening Auction
 - B: Intraday Auction
 - C: Midpoint Auction
 - D: IPO Auction

2-009

Whicht statement regarding the trading models offered on the trading venue Xetra is wrong?

- B**
- A: The auction call phase is partially closed.
 - B: Each trading day starts with an IPO Auction.
 - C: Auction price determination is effected according to the principle of most executable volume.
 - D: The order book in continuous trading is open.

2-010

The duration of the random end for an auction call phase in the trading model continuous trading in conntection with auctions is:

- A**
- A: 0-30 seconds.
 - B: 15 seconds.
 - C: Only a few seconds.
 - D: Minimum of 15, maximum of 30 seconds.

2-011

Which statement regarding auctions is correct?

- B**
- A: The order book is open during the call phase.
 - B: The order book is partially closed during the call phase.
 - C: An auction ends in a freeze phase after the maximum duration of the call phase at the latest.
 - D: Market surpluses are not displayed.

2-012

Which statement is wrong?

- B**
- A: During a call phase, market participants are informed about the indicative price and the executable volume at that price as well as a possible market surplus of the respective order book side.
 - B: The order book is open during continuous trading; each limit is displayed with the associated member ID.
 - C: The trading day starts with an opening auction.
 - D: Continuous trading is interrupted by the start of the intraday auction.

2-013

Which of the following phases is part of an auction for a first price determination (IPO Auction)?

- D**
- A: Price determination
 - B: Freeze
 - C: IPO call
 - D: All of the above.

2-014

Can the lead manager balance a surplus before price determination in an IPO auction?

- B**
- A: No, the lead manager cannot balance a surplus before price determination in an IPO auction.
 - B: Yes, from a particular time on only the lead manager can balance a surplus.
 - C: All trading participants can balance a surplus before price determination in an IPO auction.
 - D: None of the above

2-015

Which of the following statements regarding trading of subscription rights is wrong?

- A**
- A: They are solely tradeable in IPO auctions.
 - B: They can be traded continuously during a limited period.
 - C: On the last trading day trading might end ahead of the regular trading hours.
 - D: The Management Board may determine that the first price determination is carried out in an IPO Auction.

2-016

In auctions time price/time priority is valid so that the maximum of one order, which is either limited at the auction price or unlimited, can be partially executed.

- T** True False

2-017

In continuous trading each new incoming order (including stop orders) is immediately checked whether it is executable against orders on the other side of the order book.

- F** True False

2-018

Iceberg orders do not participate with their full volume in auctions.

- F** True False

2-019

Which order types are supported on the trading venue Xetra?

- A|C**
- A: Iceberg orders.
 - B: Hidden orders.
 - C: Stop Limit orders.
 - D: All-or-None orders.

2-020

In which of the following cases does a modification of a limit order not result in a new time priority?

B|C

- A: If the limit is changed.
- B: If the text field is changed.
- C: If the volume of the order is reduced.
- D: If the order modification has an adverse effect on the execution priority of other orders in the order book.

2-021

Which order types are supported in continuous trading?

A|C|D

- A: Iceberg orders.
- B: Hidden orders.
- C: Stop Market and Stop Limit orders.
- D: Volume Discovery orders.

2-022

Which statements regarding the functionality of volume discovery orders are correct?

B|C

- A: The total volume is executable against iceberg orders.
- B: The volume discovery order builds on the functionality of the iceberg order.
- C: The hidden part will only be executed at the current midpoint against other hidden parts of volume discovery orders.
- D: The order type can only be used in auctions.

2-023

In which of the following cases the overall volume of an iceberg order is visible during an auction?

B|C

- A: Always.
- B: Whenever the overall volume of the iceberg order forms part of the best bid/ask during an auction with an uncrossed order book.
- C: Whenever the overall volume of the iceberg order forms part of the indicative auction surplus.
- D: Never

2-024

Which statements concerning book-or-cancel orders are correct?

A|D

- A: They permit passive execution only.
- B: They are also executed in volatility interruptions.
- C: They must have a predefined minimum volume.
- D: If immediate execution is possible, the order is rejected.

2-025

A fill-or-kill order is executed in which of the following ways:

D

- A: Immediate execution to the extent possible, deletion of the unexecuted part of the order.
- B: Only during auctions.
- C: Only if there are no iceberg orders in the order book.
- D: Immediately and fully or not at all.

2-026

An immediate-or-cancel order is executed in which of the following ways:

- B**
- A: Identical execution to that of ordinary limit or market orders.
 - B: Immediate execution to the extent possible, deletion of the unexecuted part of the order.
 - C: Immediate execution in full, or if this is not possible, immediate deletion of the order.
 - D: None of the above.

2-027

Which statement regarding modification of an order is correct?

- B**
- A: A modifications always leads to a new time priority.
 - B: The order number remains always unchanged even if the order receives a new time priority.
 - C: During auctions order modifications are not permissible.
 - D: A modifications effects a deletion of the existing order and a new order entry with new time priority and new order number.

2-028

What is the benefit of intelligent orders (trailing stop and one-cancels-other)?

- B**
- A: They remain in the order book during trading suspensions
 - B: Automatic monitoring of the reference which is used for triggering the order.
 - C: Order modifications don't lead to a new time priority.
 - D: Higher matching probability as market orders.

2-029

Which of the following is correct for one-cancels-other orders?

- B**
- A: It combines a market order and a stop order.
 - B: It combines a limit order and a stop market order.
 - C: All execution conditions and trading restrictions are supported.
 - D: In case of a partial execution, the non-executed parts of the order are deleted.

2-030

Which of the following is correct for trailing stop orders?

- D**
- A: If the reference price of a trailing stop sell order falls, the dynamic stop limit is not adjusted.
 - B: Further execution conditions and trading restrictions are not supported.
 - C: The dynamic stop limit is continuously monitored.
 - D: All of the above.

2-031

Which statement concerning the treatment of orders in the order book in case of suspension or interruption of trading is correct?

- B**
- A: Unexecuted orders are deleted in both cases.
 - B: In case of suspension, existing orders are deleted.
 - C: In case of interruption existing orders are deleted.
 - D: None of the events have impact on unexecuted orders.

2-032

According to the Exchange Rules for the FWB which specification is not necessary for order entry?

- B**
- A: Orders generated through algorithmic trading have to be marked.
 - B: Orders must have a member internal order number.
 - C: There has to be an adequate ratio between order and bindings quotes entries, modifications and deletions and trades (Order to Trade Ratio).
 - D: Orders need to be specified as proprietary or agent orders.

2-033

Which of the following events does not lead to a deletion of orders?

- C**
- A: Granting of subscription rights.
 - B: Dividend payments.
 - C: Significant price deviations from the last price.
 - D: Suspension of trading.

2-034

In which ways can a volatility interruption be initiated?

- A|B|C**
- A: The indicative price lies outside the dynamic price range and within the static price range.
 - B: The indicative price lies within the dynamic price range and outside the static price range.
 - C: The indicative price lies outside the dynamic and the static price range.
 - D: The indicative price corresponds to the reference price.

2-035

The static price range is re-set by the following prices:

- A|B**
- A: Auction price of the opening auction.
 - B: Auction price of an intraday auction.
 - C: Reference price in continuous trading.
 - D: Indicative auction price.

2-036

Which of the following is correct for an extended volatility interruption?

- A|D**
- A: It is terminated manually according to FWB exchange rules.
 - B: It is solely initiated if the potential price lies outside the static price range..
 - C: It can not occur in a closing auction.
 - D: It will be terminated automatically once there is no longer an executable order book situation.

2-037

With volatility interruptions the number of determined prices will be increased.

F True False

2-038

A volatility interruption can be initiated only if the potential next price lies outside both price ranges.

F True False

2-039

The static and dynamic price ranges are stipulated individually for each security.

T True False

2-040

Which of the following obligations has a Designated Sponsor?

- C|D**
- A: In case of "stressed market conditions" stricter quote requirements.
 - B: Provision of additional liquidity for at least 50 shares.
 - C: Participation in auctions and volatility interruptions.
 - D: Provision of liquidity by double-sided quotes or corresponding orders for certain minimum times during continuous trading.

2-041

A quote by a Designated Sponsor is ...

- B|D**
- A: the non-binding indication of a price level.
 - B: typically the simultaneous entry of a buy and sell limit order.
 - C: valid in continuous trading only.
 - D: good for day.

2-042

What are the duties of Designated Sponsors?

- A|B|D**
- A: Provision of additional liquidity
 - B: Responding to quote requests by entering quotes
 - C: Setting reference prices
 - D: Involvement in auctions by entering quotes

2-043

Designated Sponsors have to provide double-sided quotes or orders for a certain minimum time during continuous trading.

T True False

2-044

For Designated Sponsor quotes all validity constraints are possible.

F True False

2-045

Only Designated Sponsors can enter quotes.

F True False

2-046

C|D

In which of the following cases is the reference price considered for stipulating the auction price?

- A: If there is a surplus of offerings, which is not caused by a market order.
- B: If there is a surplus of demand, which is not caused by a market order.
- C: If there are several possible limits and there is both an ask surplus and a bid surplus.
- D: If there are several possible limits and there is no surplus on hand.

2-047

A|C

In addition to the maximum executable order volume, which of the following criteria are also used to determine the auction price:

- A: Reference price
- B: Volume-weighted average of limits contained in the order book
- C: Surplus
- D: Theoretical price derived from a benchmark (e.g. Euro STOXX Future)

2-048

B|C

If no price can be determined in an auction, what information is shown?

- A: The lowest bid limit with volume
- B: The highest bid limit with volume
- C: The lowest ask limit with volume
- D: The highest ask limit with volume

2-049

What is the auction price based on the following auction order book situation? The reference price is 340.

| Bid | | | Ask | | | |
|------------|---------------|---------|------------|---------|---------------|----------|
| Quantity | Acc. Quantity | Surplus | Limit | Surplus | Acc. Quantity | Quantity |
| 5.000 | | | Market | | | |
| | | | 345 | | | 500 |
| | | | 344 | | | |
| 1.000 | | | 343 | | | |
| 500 | | | 342 | | | 5.000 |
| 3.500 | | | 341 | | | 1.000 |
| 10.000 | | | 340 | | | |

C

- A: 339
- B: 342
- C: 343
- D: None of the above

2-050

What is the auction price based on the following auction order book situation?
The reference price is 340.

| Bid | | | | Ask | | |
|------------|---------------|---------|-------|------------|---------------|----------|
| Quantity | Acc. Quantity | Surplus | Limit | Surplus | Acc. Quantity | Quantity |
| 3.000 | | | 344 | | | |
| 1.000 | | | 343 | | | 2.000 |
| 500 | | | 342 | | | 1.000 |
| | | | 341 | | | 2.000 |
| | | | 340 | | | |
| 3.500 | | | 339 | | | 1.000 |

- C**
- A: 341
 - B: 340
 - C: 342
 - D: 343

2-051

What is the auction price based on the following auction order book situation?
The reference price is 181.

| Bid | | | | Ask | | |
|------------|---------------|---------|--------|------------|---------------|----------|
| Quantity | Acc. Quantity | Surplus | Limit | Surplus | Acc. Quantity | Quantity |
| 1.000 | | | Market | | | |
| | | | 182 | | | |
| | | | 181 | | | 1.000 |
| 1.000 | | | 180 | | | |
| | | | 179 | | | |
| | | | Market | | | 1.000 |

- B**
- A: 180
 - B: 181
 - C: 182
 - D: None of the above

2-052

During continuous trading, an incoming buy order encounters an order book which only contains limit orders on the opposite side. What determines the price of the first order execution?

- D**
- A: Highest bid limit in the order book
 - B: Limit of the incoming buy order
 - C: Highest ask limit in the order book
 - D: Lowest ask limit in the order book

2-053

Which execution(s) result(s) from the incoming limit order -buy 500, limit 23 - in this order book in continuous trading?

| Bid | | Ask | |
|----------|-------|-------|----------|
| Quantity | Limit | Limit | Quantity |
| 500 | 21,90 | 22,50 | 120 |
| 300 | 21,50 | 22,95 | 280 |
| | | 23,00 | 500 |

- C**
- A: 500 at 21.90.
 - B: 500 at 23.
 - C: 120 at 22.50, 280 at 22.95 and 100 at 23.
 - D: 100 at 22.50, 100 at 22.,95 and 300 at 23.

2-054

Which execution(s) result(s) from the incoming fill-or-kill order -sell 5,000, limit 23 - in this order book in continuous trading?

| Bid | | Ask | |
|----------|-------|-------|----------|
| Quantity | Limit | Limit | Quantity |
| 500 | 23,00 | 23,50 | 120 |
| 4.500 | 22,95 | 23,95 | 280 |
| 5.000 | 22,90 | 24,00 | 500 |

- D**
- A: 500 at 23.
 - B: 500 at 23 and 4,500 at 22.95.
 - C: 5,000 at 22.90.
 - D: No execution.

2-055

Which execution(s) result(s) from the incoming market order (reference price 182) -sell 5,000 - in this order book in continuous trading?

| Bid | | Ask | |
|----------|-------|-------|----------|
| Quantity | Limit | Limit | Quantity |
| 3.500 | 180 | 183 | 1.500 |
| 10.000 | 178 | 185 | 5.000 |

- D**
- A: 5,000 at 178.
 - B: 5,000 at 180.
 - C: 1,500 at 180 and 3,500 at 178.
 - D: 3,500 at 180 and 1,500 at 178.

2-056

Which execution(s) result(s) from the incoming market order (reference price 179) - sell 5,000 - in this order book in continuous trading?

| Bid | | Ask | |
|----------|--------|-------|----------|
| Quantity | Limit | Limit | Quantity |
| 5.000 | Market | | |
| | | | |

- C** A: No execution - volatility interruption.
- B: No execution until a limit order is entered.
- C: Full execution of both market orders at the reference price.
- D: None of the above.

2-057

Which execution(s) result(s) from the incoming immediate-or-cancel order -sell 5,000, limit 9.10 - in this order book in continuous trading?

| Bid | | Ask | |
|----------|-------|-------|----------|
| Quantity | Limit | Limit | Quantity |
| 5.000 | 9,08 | 9,10 | 1.500 |
| 10.000 | 9,05 | 9,13 | 500 |

- D** A: 5,000 at 9.08.
- B: 1,500 at 9.10.
- C: No execution, the order is placed in the order book.
- D: No execution, the order is rejected without entry in the order book.

2-058

How are limit buy orders executed in continuous trading if they encounter an order book with market and limit orders on the opposite order book side?

- D** A: At the highest bid or lowest ask limit in the order book.
- B: At the lowest bid or highest ask limit in the order book.
- C: At the reference price.
- D: At the reference price or if the reference price is higher at the lowest limit of the executable orders.

2-059

How are market orders executed in continuous trading if they encounter an order book with only market orders on the opposite order book side?

- C** A: At the highest bid or lowest ask limit in the order book.
- B: At the lowest bid or highest ask limit in the order book.
- C: At the reference price.
- D: None of the above.

2-060

How is an unexecuted market order on the buy side of the order book executed in continuous trading if a new order is entered on the opposite order book side?

- A**
- A: It depends on the order book situation and the reference price.
 - B: Always at the lowest ask limit.
 - C: Always at the highest bid limit.
 - D: Always at the reference price.

2.2 Börse Frankfurt (Frankfurt Stock Exchange) - Continuous auction

2-061

Which statements regarding Continuous Auction are correct?

- A|B**
- A: Depending on the trading model there is exactly one Specialist/Market Maker per instrument.
 - B: The Specialist can enter own orders and orders on behalf of other trading participants.
 - C: During the main trading phase for market participants the order book is open (order book depth 10).
 - D: The Quote Provider is able to identify the originator of an order.

2-062

Which statements regarding Continuous Auction are correct?

- A|B|C**
- A: In both trading models execution constraints (FOK and IOC) are not supported.
 - B: Stop orders are triggered by a quote of the Specialist/Market Maker.
 - C: All order sizes can be traded in both trading models.
 - D: In both trading models orders are valid good for day only.

2-063

Which of the following statements are applicable for stop orders in the trading model Continuous Auction with Specialist?

- A|C**
- A: A stop loss order will be triggered if the bid limit of the Specialist quote equals or falls below the stop limit.
 - B: A stop loss order will be triggered if the last price equals or falls below the stop limit.
 - C: Stop limit and stop market orders are supported.
 - D: Stop orders are visible in the order book for all market participants.

2-064

In Continuous Auctions the order book is ...

- C|D**
- A: completely open during the main trading phase (order book depth 10).
 - B: closed during the pre-trading phase.
 - C: closed partially during the pre-trading phase.
 - D: closed during the post-trading phase.

2-065

Which statements regarding quotes are correct?

- A|B|C|D**
- A: They can have a volume equal to or higher than zero.
 - B: In general, quotes have to be entered double sided and must bear a limit on the bid side of higher than zero.
 - C: The ask limit can be equal or higher than the bid limit.
 - D: Standard quotes can be modified or deleted.

2-066

Which trading models contain the market model Continuous Auction?

- A|B**
- A: Continuous auction with Market Maker
 - B: Continuous auction with Specialist
 - C: Continuous auction with Liquidity Manager
 - D: Continuous auction with Designated Sponsor

2-067

Which securities are traded in the trading model Continuous Auction?

- A|B|C|D**
- A: Mutual funds
 - B: Exchange traded funds
 - C: Bonds
 - D: Equities

2-068

Which statements regarding the Continuous Auction trading model are not correct?

- A|B|D**
- A: Each security can have more than one Specialist/Market Maker.
 - B: Volatility interruptions ensure price continuity.
 - C: Orders are executed according to price/time priority.
 - D: The Specialist and the Market Maker can see the identity of the order owner.

2-069

Which of the following statements are correct?

- B|C**
- A: Mutual funds are traded exclusively in the trading model continuous trading with intraday auctions.
 - B: Mutual funds are traded exclusively in the trading model Continuous Auction with Specialist.
 - C: Structured products are traded in the trading model Continuous Auction with Specialist or Market Maker.
 - D: Structured products are traded exclusively in the trading model Continuous Auction with Market Maker.

2-070

How are prices determined in the Continuous Auction trading models?

- B**
- A: Only at the Specialist/Market Maker quote according to the modified principle of highest executable volume.
 - B: Only within or at the Specialist/Market Maker quote according to the modified principle of highest executable volume.
 - C: Only within the Specialist/Market Maker quote according to the modified principle of highest executable volume.
 - D: Only within the spread of the order book according to the modified principle of highest executable volume.

2-071

How are stop loss orders triggered in the Continuous Auction trading models?

- D**
- A: If the ask limit of the Specialist/Market Maker quote is equal to or below the stop limit.
 - B: If the ask limit of the Specialist/Market Maker quote equals or exceeds the stop limit.
 - C: If the bid limit of the Specialist/Market Maker quote equals or exceeds the stop limit.
 - D: If the bid limit of the Specialist/Market Maker quote equals or falls below the stop limit.

2-072

How are stop buy orders triggered in the Continuous Auction trading models?

- C**
- A: If the bid limit of the Specialist/Market Maker quote equals or falls below the stop limit.
 - B: If the bid limit of the Specialist/Market Maker quote equals or exceeds the stop limit.
 - C: If the ask limit of the Specialist/Market Maker quote equals or exceeds the stop limit.
 - D: If the ask limit of the Specialist/Market Maker quote equals or falls below the stop limit.

2-073

Which statements are correct for the trading model Continuous Auction with Market Maker?

- B|C**
- A: The optional freeze phase is applied to avoid partial execution and supports the processing of stop orders.
 - B: The Market Maker significantly determines the duration of the pre-call phase.
 - C: There is no fix number of auctions in the main trading phase.
 - D: An auction consists of a pre-call phase, an optional freeze phase and the price determination.

2-074

Which statements are applicable for the pre-call phase in the trading model Continuous Auction with Market Maker?

- B|C|D**
- A: The pre-call phase has a maximum duration.
 - B: During this pre-call phase the order book is open with a depth of 1, i.e. all orders as well as the quote with the accumulated volumes of the best bid and best ask limit and the number of orders at these limits will be displayed (via CEF).
 - C: A Quote Provider quote is required for a phase change from pre-call to price determination.
 - D: After the pre-call phase a price determination or a phase change to the call phase is possible.

2-075

When does a call phase start in the trading model Continuous Auction with Market Maker?

- A|B|D**
- A: If there are market orders or orders executable against each other in the order book without an available quote of the Market Maker.
 - B: If there are orders in the order book which are executable against the quote of the Market Maker, but cannot be executed completely.
 - C: If the maximum duration of the pre-call phase is exceeded.
 - D: If the stop limit of a stop order is reached by the quote of the Quote Provider.

2-076

Which statements are applicable for a pre-call phase of a Continuous Auction with Specialist?

C|D

- A: Trading participants cannot enter orders.
- B: The order book is completely open.
- C: The Specialist can enter own orders or orders on behalf of other trading participants and can modify or delete these orders.
- D: The Specialist may enter or delete quotes.

2-077

Which statements are applicable for a freeze phase of a Continuous Auction with Specialist?

A|C|D

- A: Only the Specialist quote is displayed.
- B: It has a random end.
- C: The Specialist is able to enter orders on own behalf or on behalf of other trading participants and can modify or delete these orders.
- D: There is no predetermined minimum period.

2-078

Which statements regarding the transparency of the order book are applicable for a Continuous Auction with Specialist?

A|D

- A: During the freeze phase the order book is fully open for the Specialist.
- B: During the pre-call phase the order book is partially closed for the Specialist, i. e. only the indicative auction price is displayed to the Specialist.
- C: During the freeze phase the order book is completely closed.
- D: During the pre-call phase the order book is partially closed or open for the trading participants (depending on the instrument type).

2-079

How are prices determined in a Continuous Auction with Specialist?

A|B|C|D

- A: The price is determined by the trading system.
- B: The price determination takes place after a matching quote entry of the respective Specialist.
- C: If there are several possible limits and the consideration of the surplus does not lead to a clear auction price, the midpoint of the possible prices is included as an additional criterion.
- D: The auction price is determined on the basis of the binding Specialist quote and the order book situation stipulated at the end of the freeze phase.

2-080

Which tasks and duties shall Specialists fulfil for structured products?

A|B|D

- A: Provision of indicative quotes based on the order book situation and the indicative quotes entered by the quote provider (issuer).
- B: In order to avoid prices not in line with market conditions, validation of the binding quotes of the quote provider.
- C: In case of a knock-out/stop loss event they are obliged to inform the exchange about the knock-out/stop loss immediately.
- D: On a quote request with quote ID, they shall response within a predefined period.

2-081

Which of the following statements are applicable for Continuous Auctions with Specialist?

A|B|C

- A: After the freeze phase a price determination or a phase change to the pre-call phase is possible.
- B: During this pre-call phase the order book is fully open for Specialist only, i.e. the Specialist is able to see each order and its originator.
- C: Orders that are entered during the freeze phase are stored and will be entered into the order book immediately after it gets unlocked.
- D: After price determination any remaining parts of the Specialist quote are not deleted.

2-082

For which of the following security types a Special Auction can be executed by the Specialists?

A|C

- A: Subscription rights
- B: Mutual funds
- C: German Government Bonds
- D: Covered warrants

2-083

What kind of order types are available in Continuous auction with Specialists?

A|D

- A: Stop Order
- B: Market-to-Limit Order
- C: Iceberg Order
- D: Order-on-Event

2-084

What kind of quotes exist in Continuous auction with Specialists?

A|B|C|D

- A: Standard quotes for information purpose
- B: Matching quotes, dedicated to terminate a freeze phase
- C: Indicative quotes with quote ID as response to a quote request with quote ID
- D: Price-without-turnover quotes, dedicated to determine a price without turnover

2-085

What does a Specialist have to do, if the expected price of a share with a price level of 5 Euro will differ more than 10 percent?

A

- A: Enter an adjusted indicative quote and start the freeze phase only after a period of 10 minutes.
- B: Enter an adjusted binding quote and start the freeze phase only after a period of 10 minutes.
- C: Enter an adjusted indicative quote and start the freeze phase only after a period of 15 minutes.
- D: Enter an adjusted indicative quote and start the pre-call phase only after a period of 10 minutes.

2-086

What does a Specialist have to consider when entering a PWT quote (price without turnover) for the determination of a valuation price without turnover?

C

- A: Entry is only allowed after having consulted the Trading Surveillance Office.
- B: Entry is only allowed if an indicative quote without volume was entered before.
- C: Entry is only allowed if an indicative quote with volume was entered before.
- D: None of the above.

2-087

Which of the following statements are applicable for quote request driven trading in Continuous auction with Specialist?

- D** A: This service is currently offered for structured products only.
B: The quote request must contain a numeric value, the so called quote ID .
C: The quote answer of the Specialist and the order based upon that answer refer to each other (direct exchange trading). D: All of the above.

2-088

There is a Special Auction the Specialist carries out several times a day for certain German Government bonds.

- F** True False

2-089

Provided that a Special Auction is scheduled, it is performed once a day.

- T** True False

2-090

Specialists initiate a separate auction for orders with the trading restriction Special Auction.

- T** True False

2-091

A single auction is executed once a day for certain securities in the trading model Continuous Auction with Specialist.

- T** True False

2-092

A single auction is executed once a day for all securities in the trading model Continuous Auction with Specialist.

- F** True False

2-093

There are no Single auctions in the Continuous Auction Specialist model.

- F** True False

2-094

Who is entitled to get information about the surplus within the indicative quote during the freeze phase of a first price determination in the Specialist model?

- C** A: All market participants
B: The quote provider
C: The lead bank
D: None of the above.

2-095

Which minimum requirements must the limit control system of the Specialist fulfil?

- D**
- A: Permanent monitoring of all new and existing orders in the order book.
 - B: Immediate display of stop loss orders if they have reached the bid limit of the indicative quote.
 - C: Immediate display of stop buy orders if they have reached the ask limit of the indicative quote.
 - D: All of the above mentioned requirements.

2-096

Which entry is not possible for the Specialist during the freeze phase ?

- D**
- A: Order entry on behalf of other trading participants.
 - B: Entry of an exchange rate.
 - C: Additional indicator for a price determination which is made in cooperation with the German Central Bank (Deutsche Bundesbank).
 - D: Entry of a standard quote.

2-097

How is the auction price in the Specialist model determined?

- C|D**
- A: The midpoint of all existing limits at the end of the call phase will be the auction price.
 - B: Within a price range set by Market Supervision Xetra.
 - C: Within the price range set by the Specialist quote (including bid/ask limit of the quote).
 - D: On the basis of the Specialist quote and the order book situation stipulated at the end of the freeze phase.

2-098

How is the auction price in the Market Maker model determined?

- B|C**
- A: Within a price range set by Market Supervision Xetra.
 - B: On the basis of the Market Maker quote and the order book situation stipulated at the end of the call phase.
 - C: Within the price range set by the Market Maker quote (including bid and ask limit of the quote).
 - D: The midpoint of the existing limits at the end of the call phase will be the auction price.

2-099

Which basic principles are applicable for the price determination process in a Continuous Auction?

- A|C|D**
- A: The auction price is determined according to the modified principle of highest executable volume.
 - B: The auction price is determined by the Market Maker/Specialist.
 - C: If orders cannot be matched, an auction price with turnover cannot be determined.
 - D: The auction price is calculated by the electronic trading system.

2-100

What happens in Continuous Auction, if there is more than one limit with the highest executable order volume and the lowest surplus?

- A**
- A: If the surplus for each limit lies within the price range (including bid and ask limits of the Market Maker/Specialist quote) on the buy side the auction price is calculated according to the highest possible limit.
 - B: The Market Maker/Specialist will calculate the auction price.
 - C: An auction price can not be calculated.
 - D: None of the above.

2-101

When will a valuation price without turnover be calculated in Continuous Auction with Market Maker or Specialist?

- D** A: If the price variance to the last price exceeds a defined percentage.
B: If the security is suspended from trading.
C: If the surplus in the order book at the point of price determination is too big.
D: If a suitable quote is entered and an non-executable order book situation exists.

2-102

What will happen if in Continuous Auction the consideration of the surplus does not lead to a clear auction price?

- C** A: The reference price serves as further criterion for the auction price determination.
B: The Market Maker/Specialist calculates the auction price.
C: The midpoint is calculated of the possible highest and lowest price and serves as auction price.
D: None of the above.

2-103

If there is no executable order book situation a price without turnover based on the bid side of the Market Maker/Specialist quote can be determined.

- T** True False

2-104

The auction price is solely determined on the basis of the Market Maker/Specialist quote.

- F** True False

2-105

If consideration of the surplus does not lead to an unambiguous auction price, the reference price is included as an additional criterion.

- F** True False