



Participation conditions for the 1st international FX-Trading-Challenges

§ 1 Commencement Clause

Varengold Wertpapierhandelsbank AG (hereinafter referred to as „bank“) hosts a challenge where authorized investors compete with each other in terms of the risk adjusted performance of their play money account by means of virtual play money (hereinafter referred to as “play money”) within a given period of time. The bank provides the winner with a Management Account Fund (hereinafter referred to as „fund“) of the challenge which he may keep. The bank accounts for the costs of the conception and the placement of the fund. In order to place the fund with sufficient trade capital, the bank provides a trading seed capital of US\$ 250,000 and supports sales activities in order to fill the fund with third party capital.

§ 2 Participation Conditions

1. The participant must submit the completely filled in application form to the bank at least five working days before the start of the challenge.
2. Existing customers as well as third party externals are permitted to participate in the challenge.
3. The bank checks and monitors the play money accounts of all participants in order to maintain a fair challenge.
4. Employees of the bank and persons authorised to represent them are explicitly excluded from the challenge.
5. Only persons of at least 18 years of age are permitted to participate in the 1st International FX-Trading-Challenge.

§ 3 Competition Criteria

1. The bank analyses the performance of the individual play money accounts of the participants of the challenge. The analysis is accomplished throughout the duration of the challenge (§ 6).
2. Following are the criteria for the evaluation of the winner:
3. The net yield of each play money account achieved during the duration of the challenge (§6) is divided by the average standard deviation in order to get a risk-adjusted net yield as result. It is the participant with the highest risk-adjusted net yield



at the end of the period of the challenge (§ 6) who wins the Prize, not the participant who achieves the highest yield. In case of similar results of the best participants, the jury reserves the right to determine the winner according to the balance of allocation of risk-adjusted yields.

4. The Prize for the winner is only handed out if the winner of the challenge is better than the benchmark given by the bank. The risk-adjusted yield of the winner of the challenge within the duration of the challenge (§ 6) must be higher than the published Barclay CTA index.

§ 4 Details of the Prize for the Winner

1. The winner of the challenge is published on the website of the challenge and is informed by the bank. The bank provides the winner with a fund with a trading seed capital of US\$ 250,000. The trading capital maintains property of the bank and remains on their accounts.
2. The winner must manage the fund in the same manner as he managed his play money account during the duration of the challenge. He obtains a part in the amount of 75 % of the achieved yield if he exceeds a "hurdle rate " in the amount of 4 % p. a. and if the trading capital exceeds the highest reached peak, on which the last commission has been paid.
3. The winner must sign all documents and contracts which are necessary to open and manage a fund, and must manage the capital entrusted to his care as manager according to the investment regulations of the bank and in a trustworthy and straightforward way.
4. The bank intends to invest the trading capital in the long run in case of an appropriate rate of yield, volatility and risk. In case of the breach of investment regulations, or in case of a change in performance quality compared to the duration of the challenge and to the trading strategies, respectively, or in case of a changed market or company situation, the bank is entitled to withdraw the invested trading capital from the fund at any time.



§ 5 Trading Requirements

Participants of the challenge can only trade orders via an online system of the bank. Each currency which the bank offers can also be acquired in the framework of the challenge.

§ 6 Duration of the Challenge

The duration of the challenge is 4 months. The challenge starts on 1st April 2008 and ends on 31th July 2008.

§ 7 Acceptance of the Publishing of the Ranking List and the Results

The participant accepts that the ranking list which includes the name of the owner of the play money account, the development of the play money account and the risk of the play money account is published without any additional approval of the participant on the website of the bank each month.

§ 8 Application of the results of the challenge for marketing purposes

The participant accepts that he or she in connection with a third party or with the help of a third party may in no case use the results of the challenge for own marketing purposes without the approval of the bank and that the challenge is protected and property of the bank. In case he neglects this duty, he may be excluded from the challenge and is liable for every resulting damage and cost which arise for the bank for the construction and execution of the challenge.

§ 9 Modifications of the Challenge, Exclusion of Participants

1. The bank reserves the right to modify the conditions of the challenge at their own discretion without giving reasons or to terminate the challenge without the right of the participants for compensation or damages.
2. The bank may reject registrations for participation at their own discretion and exclude participants during the duration of the challenge (§ 6).

§ 10 Communication errors, Liability and Damages

1. The bank is not liable for belated, incorrect, misrouted, incomplete, illegible, incomprehensible or other communication errors, analyses of play money accounts,



news and emails as well as for not available network connections, failures of internet as well as hard ware and soft ware, incorrect, incomplete or belated transactions and other technical failures and problems, unless Varengold has caused the loss grossly negligent or deliberately.

2. Varengold does not assume liability for the correctness and completion of documents which they are provided by a third party.
3. Varengold is not liable for losses caused by force majeure, riots, war and natural disasters or by other events for which they cannot be held liable (e.g. strikes, lockouts, traffic blocks, instruction of higher authority in the country and abroad).
4. For losses due to the delay in order execution as a result of system failure, interruption or dysfunction of the internet and other communication systems of the German Telekom AG or other network operators, Varengold is only liable in case of their own grossly negligence or in case of intention and only to such a degree to which they were involved in the occurring of the loss in comparison with other causes.
5. The liability limitations and the exclusions of liability included in these participation conditions also apply for the liability of Varengold and its institutions and/or executive employees and non-executive employees as well as for its other servants. They also apply for the personal liability of the aforementioned persons.
6. None of the liability limitations and exclusions of liability included in these participation conditions limits the liability of Varengold for liability claims which are obligatorily required by law, particularly in case of the injury of life, body or health as well as the breach of important duties within a contract. The same holds accordingly true for liabilities which are obligatory due to supervisory measures.
7. Furthermore, Varengold is not liable in no way for the impairment, interruption or termination of the challenge.
8. The participant guarantees the bank and its employees to exempt them from all financial claims, losses, damage, costs, expenses and/or other demands.

§ 11 Severability Clause

1. In order to be effective, modifications or additions to this contract, including this regulation, must be in written form. An oral waiver of the written form is not possible.



2. If one or more regulations of these terms and conditions and further terms and conditions based on them are or will be ineffective, respectively, or if they turn out to have a loophole, the validity of the other regulations shall not be effected, and instead of the ineffective regulations or in order to fill the loophole, an appropriate and an accepted regulation shall be effective which the contractors have intended or would have strived for according to the whole purpose of the regulations if they had considered the ineffectiveness of the clause or the occurring of the loophole.
3. Place of performance and place of execution is Hamburg.