



## Terms and conditions of entry for the Varengold Bank FX Trading-Challenge

### § 1 Commencement Clause

Varengold Wertpapierhandelsbank AG (hereafter the “**Bank**”) is, in collaboration with e-Forex (hereafter “**e-Forex**”), staging a competition in which authorised investors compete with virtual competition money over a specified term for the best risk-adjusted performance of their virtual competition account. The Bank will award prizes to the best 3 competitors. Each winner will be given a managed account (hereafter “**Fund**”) to manage. To ensure the Funds have sufficient trading capital, the Bank shall provide a start-up capital of 150,000 USD for the trader in first place, 100,000 USD for the trader in second place and 50,000 USD for the trader in third place. The three most successful competitors will then compete in a 6-month test phase after the end of the Varengold Bank FX Trading Challenge for the chance to have their Fund topped up to 1,000,000 USD. The Bank will support marketing activities to acquire third-party capital for the Fund(s). The top-up sum may be split between multiple traders should trading performance be equally good at the end of the test phase.

### § 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. The Challenge is open to both existing clients and interested third parties who do not yet have an account with Varengold.
3. The bank checks and monitors the play money accounts of all participants in order to maintain a fair challenge.
4. No employees or authorised representatives of either the Bank or e-Forex may enter the competition. Participation in the Varengold Bank FX Trading Challenge is not open to US citizens.
5. Only persons of at least 18 years of age are permitted to participate in the 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. The participants listed in the TOP 50 have to generate a return of at least 0.25% every trading day. If the participant does not achieve this return target, he cannot be listed in the TOP 50 on the respective trading day. However, he still participates in the challenge and – as soon as he achieves the respective target return again – he can be listed again on the following day.
3. The criteria for determining the winner are as follows:

The net returns on a given virtual competition account generated over the term of the competition (Section 6) shall be divided by the standard deviation, calculated daily, to establish the risk-adjusted net returns. The daily standard deviation shall be calculated by dividing the daily percentage change in the competition account by the net account balance. The participant with the highest risk-adjusted net returns at the end of the competition (Section 6), and not the participant who has generated the highest returns, shall win the Varengold Bank FX Trading Challenge. Should the most successful participants achieve similar results, the jury reserves the right to name the winner on the basis of how evenly the risk-adjusted returns are spread.
4. Prizes shall only be awarded if the winners of the competition have exceeded a benchmark set by the Bank. The risk-adjusted returns of the competition winners during the term of the competition (Section 6) must be higher than those published in the Barclay CTA Index.

#### **§ 4 Details of the Prize for the Winner**

1. The competition winners shall be notified by the Bank and their names published on the competition website. The Bank shall provide the trader in first place with a Fund with a start-up trading capital of 150,000 USD, the trader in second place with a Fund with a start-up trading capital of 100,000 USD and the trader in third place with a Fund with a start-up trading capital of 50,000 USD. The trading capital shall remain the property of and in the accounts of the Bank. The three winners of the Varengold Bank FX Trading Challenge shall then compete against each other in a subsequent contest, in which the best trader has the chance to increase his or her Fund to up to 1,000,000 USD (Assets under Management) after a successful 6-month trading period. The Bank reserves the right to divide the top-up sum between two or all three traders should they achieve similarly good results.
2. The winners shall manage the Funds in the same as they have managed their virtual competition account over the term of the competition. They shall receive a 25 %



share of the returns generated as soon as they have exceeded a hurdle rate of 4 % p.a. and the trading assets exceed the highest balance yet achieved at which a performance-based payment was last made.

3. The winners must sign all necessary documents and agreements required to open and manage the funds, and handle the capital entrusted to them in their capacity as managers confidentially and honestly in compliance with the investment regulations of the Bank.
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**

Competition participants may only trade orders through an online system operated by the Bank. All currencies which the Bank offers can also be traded in as part of the competition.

### **§ 6 Duration of the Challenge**

The competition shall last 3 months. The competition shall begin on 1st September 2011 and end on 30th November 2011.

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

Each participant agrees to the rankings, which contain the name of the holder of the virtual competition account, the development of the competition account in percent and the risk exposure of the competition account being published on the websites of the Bank and e-Forex without his or her specific consent to such publication being sought.

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

Each participant undertakes not to use the results of the competition for publicity purposes under any circumstances without the consent of the Bank or e-Forex, either him- or herself or



together with or through third parties; each participant furthermore accepts that the competition is protected and the property of the Bank and e-Forex. Participants who breach this provision may be excluded from the competition and shall be liable for any resulting damages and expenses incurred by the Bank and e-Forex for the organisation and implementation of the competition.

### **§ 9 Modifications of the Challenge, Exclusion of Participants**

1. The Bank and e-Forex reserve the right to amend the terms and conditions of the competition at their discretion without stating grounds, and to cancel or end the competition without this entitling participants to compensation or damages.
2. The Bank and e-Forex may at their own discretion refuse to accept applications to enter the competition or exclude participants from the competition during its term (Section 6).

### **§ 10 Communication errors, Liability and Damages**

1. The Bank and e-Forex shall not be liable for late, incorrect, misdirected, incomplete, illegible or incomprehensible communication or other communication errors. Nor shall the Bank or e-Forex be liable for competition account analyses, messages or e-mails or the non-availability of network or Internet connections or hardware or software failure; for the incorrect, incomplete or late processing of transactions, or for other technical failures or difficulties unless the damage is a result of malice or gross negligence on the part of the Bank.
2. The Bank and e-Forex can give no guarantee that the documents provided to them by third parties are correct and complete.
3. The Bank and e-Forex shall not be liable for damages resulting from force majeure, riot, war or natural occurrences or other events for which they are not responsible (e.g. strike, lock-outs, transport problems, the orders of higher authorities in Germany or abroad).
4. The Bank and e-Forex shall only be liable for damages resulting from delays in order processing due to system failures, interruptions in or disruptions to the Internet or other communication systems operated by Deutsche Telekom AG or other network operators should the Bank or e-Forex have acted maliciously or with gross



negligence, and in such cases only to the extent to which they were responsible for the occurrence of the damage in relation to the other causes.

5. The limitations and exclusions of liability in these terms and conditions of entry shall also apply to the liability of the bodies and / or officers and employees employed by and other agents of the Bank and e-Forex, and to the personal liability of the aforementioned persons.
6. None of the limitations or exclusions of liability contained in these terms and conditions of entry shall limit the liability of the Bank or of e-Forex in the cases in which the Bank and e-Forex are held liable under mandatory provisions of the law, in particular in the event of damage to life, limb or health or breach of essential contractual obligations. The same applies to mandatory liability under regulations of the supervisory authorities.
7. Neither organisation shall be liable in any way for the limitation, suspension or termination of the competition.
8. Each participant shall guarantee the Bank and e-Forex and their employees that he or she shall exempt them from all liability for any financial demands, losses, damages, costs, expenses and/or other claims.

### **§ 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.
4. The laws of the Federal Republic of Germany shall apply exclusively.