

# Europe's Premier Trading Platform



DEUTSCHE BÖRSE  
GROUP



# XETRA

## ■ Xetra - Structure and Overview 2004

- Deutsche Börse – the “Markets Company”
- International Network of Members
- Pro-active implementation of market requirements
- Highest Transparency Standards for Issuers in Europe
- Index World – Shop Window for Issuers

## ■ Xetra Product Offering

## ■ Trading on Xetra

## ■ Connection to Xetra

## Deutsche Börse - the “Markets Company”

3

The only fully integrated exchange organisation worldwide:  
Cash market – Derivatives market – Clearing – Information – IT



## International Network of Members

4

- Liquidity through wide spread portfolio of trading members
- Strong liquidity in foreign securities through local expertise of foreign members
- Cost efficient European-wide access

- 295 members in 17 countries (August 2004)
- 49% of members outside Germany
- 4.084 registered traders



## Highest Transparency Standards for Issuers in Europe

5

### Prime Standard

#### Additional Requirements for issuers

- Quarterly Reporting
  - International Accounting (IFRS/IAS/ US-GAAP)
  - Corporate calendar
  - Active Investor Relations (Analyst conference)
  - Ad-hoc-news in German and English
  - Precondition for Index admission
- => International Standard

### General Standard

#### Basic legal requirements

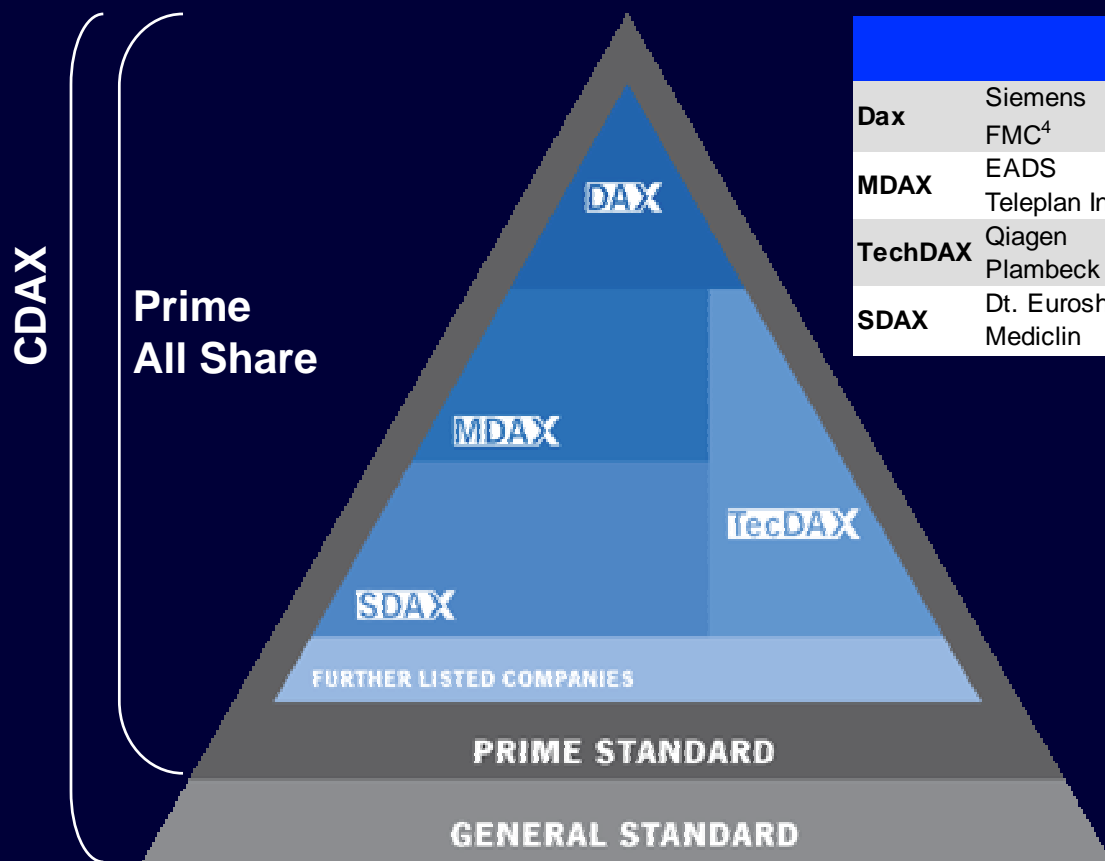
- Annual Report + 6 months interim report
  - Ad-hoc-news in German
- => Domestic Standard

- More security and confidence through high Transparency
- Internationally comparable through clear structure in sectors
- Continuous liquidity provision by Designated Sponsors

## New Index framework – attractive showcases for investors

6

Focus on Prime classic and technology, all traded continuously  
Improved peer-group comparison through international sector classification



		MarketCap <sup>1</sup> (mn €)	No of Trades <sup>1</sup>	LP in bps <sup>2</sup>	Turnover <sup>3</sup> (mn €)
Dax	Siemens	46,953	265,854	5,7	71,620
	FMC <sup>4</sup>	1,588	29,304	17,2	3,800
MDAX	EADS	3,650	3,084	30,5	116
	Teleplan Int.	82	15,140	67,1	246
TechDAX	Qiagen	1,121	29,310	34,7	790
	Plambeck	29	3,372	104,4	57
SDAX	Dt. Euroshop	271	422	71,4	27
	Mediclin	22	300	136,3	10

<sup>1</sup> End of Aug 2003 / ranked by index weight (highest/lowest)

<sup>2</sup> Liquid Points in basis points

<sup>3</sup> Sep 2002-Aug20023 / double counted

<sup>4</sup> FMC, instead of MLP, because of index exclusion

Investors benefit from:

- Selection indices
- Benchmark coverage
- Derivatives
- Index ETFs



- **Xetra – Structure and Overview 2004**
- **Xetra Product Offering**
  - Initiator for International Equity Trading
  - The Market for Exchange Traded Funds
  - Europe's leading Index Funds Platform
  - Xetra European Stars: Dutch and French Stars Development
- **Trading on Xetra**
- **Connection to Xetra**

## Initiator for international equity trading

8

- Access to almost 6.000 international Securities
- Around 90% of the market share for German stocks
- Round Lot size: 1

### DAX

- 30 biggest German Blue Chip Stocks of Prime Standard

### MDAX

- The 50 main mid caps from classic Sectors of Prime Standard

### TecDAX

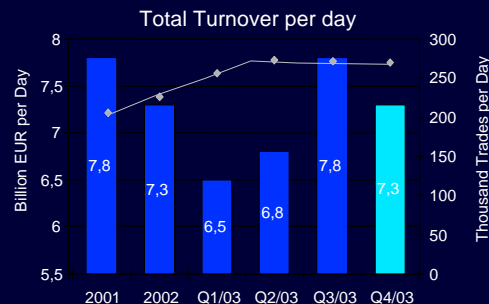
- 30 biggest shares following the DAX from Technology Sector in Prime Standard

### SDAX

- Small Cap Index comprising the 50 shares following the MDAX Classic Sector of Prime Standard

### Xetra Funds

- 55 Index Funds, based on German and international indices.
- 23 actively managed Funds based on countries and industry sectors.



### Xetra STARS

- European STARS - representing ~80% of DJ EUROSTOXX 50
- US STARS cover instruments from NASDAQ 100, DJIA 30, S&P 100 and 27 US equities of the DJ Global Titans 50

### Other Stocks

- DJ Stoxx 50
- Global Titans 50
- More than 4000 equities mostly of foreign origin
- Less liquid stocks are traded once daily in an auction



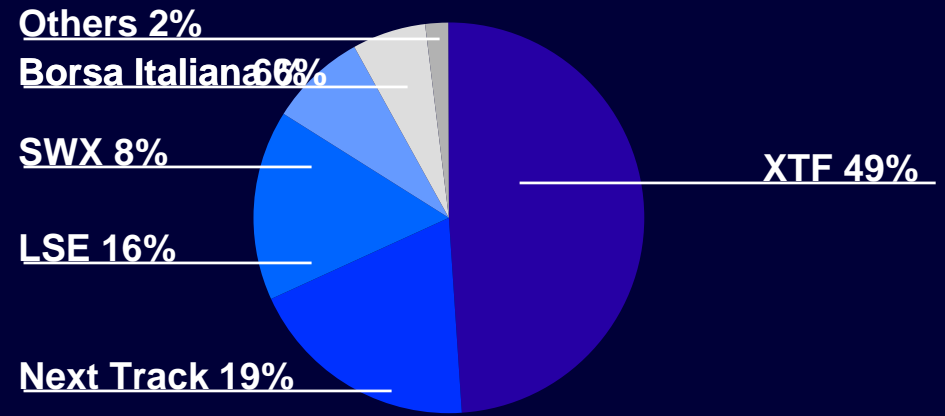
## XTF: Four years of innovative leadership in Europe



### Facts:

- 49% market share in European ETF turnover
- Most liquid instruments on Xetra: eb.rexx and DAX ETF
- Only stock exchange in Europe for bond index ETFs. German government bonds (eb.rexx) and European corporate bonds (iBoxx)
- Integrated offering provides liquidity: 56 Index ETFs, 38 derivatives on indices and 10 derivatives on ETFs
- Order flow origin: 42% international orderbook turnover
- Most efficient marketplace for European exposure (Euro Stoxx 50 ETF)

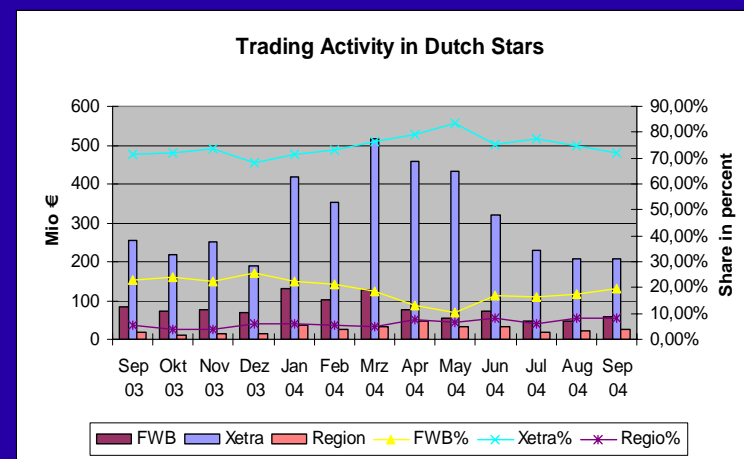
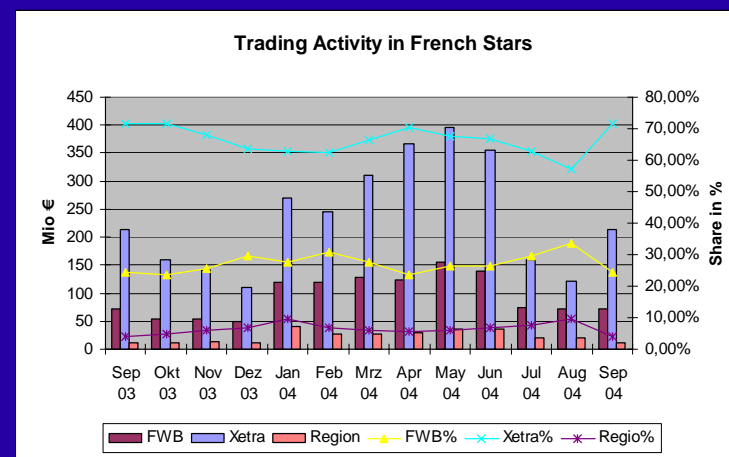
### European Turnover Breakdown



## Xetra European Stars: foreign Blue Chips on Xetra

10

- Growth of Xetra Market share in Dutch and French Stars on Xetra due to increasing client interest
- Home-Market-like Spreads through continuous liquidity provision by Market Experts
- Continuously Increasing Volume because of high demand for Dutch and French options on Eurex
- Easy Arbitrage possibility through efficient Settlement link with the home market.
- trading of complete AEX25
- Outlook: complete coverage of EuroSTOXX 50 and respective national indices on Xetra



- **Xetra Structure and Overview 2004**

- **Xetra Product Offering**

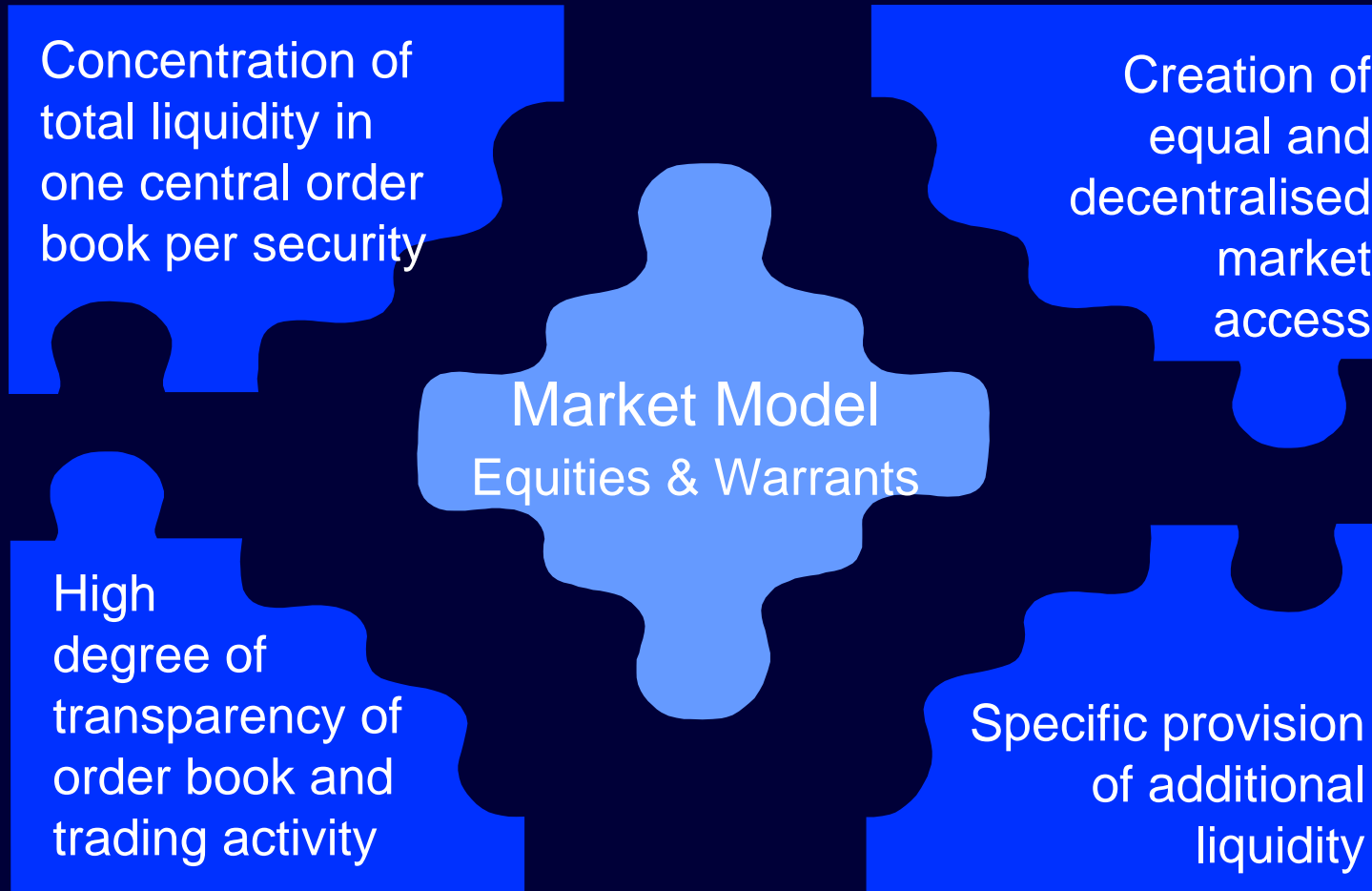
- **Trading on Xetra**

- Principles of the Market Model
- Trading Schedule & Trading Forms Stocks
- Order Types
- Xetra Trading Screen
- Safeguards in Auctions and Continuous Trading
- Additional liquidity through Designated Sponsors and Market Experts
- The five business objectives of the CCP concepts

- **Connection to Xetra**

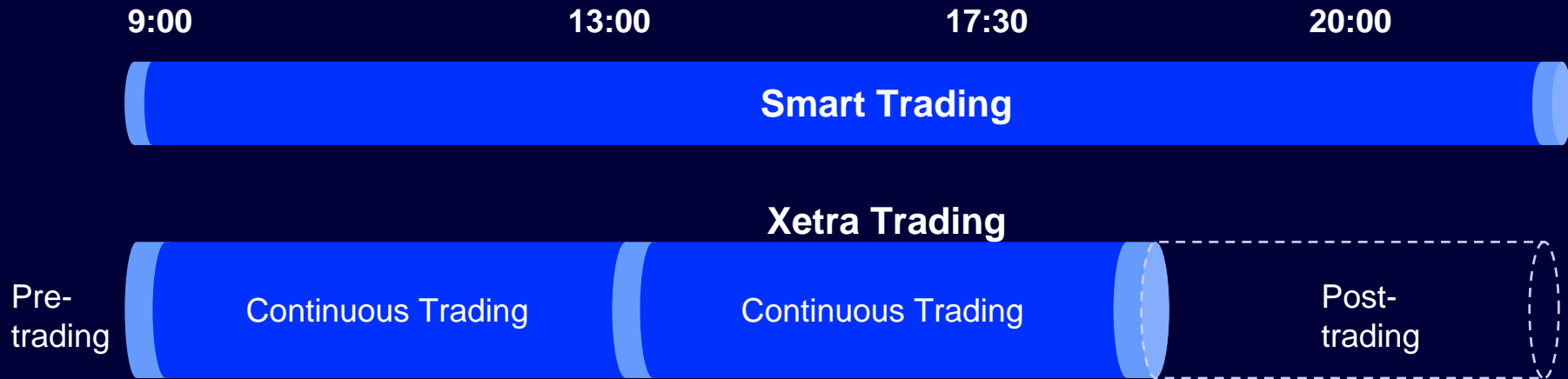
## Principles of the Market Model

12



## Trading Schedule & Trading Forms Stocks

13



### Continuous Trading

- Trading of round lots in an open order book with accumulated volumes displayed for individual limits
- Continuous price determination and execution of orders by price/time priority

### Auctions

- Orders of all sizes can participate
- Transparency with open or partially closed order book
- Determination of an auction price corresponding to the highest executable order volume with the lowest surplus



Display of indicative price, best bid /ask limit for equities.

\* For sponsored instruments there is no order book balancing phase but a market order surplus indication during the Call phase

## Order Types

14

### Limit Order

- Limit orders are bid and ask orders which are to be executed at their specified limit or better

### Market Order

- Market orders are unlimited bid or ask orders. They are to be executed at the next price determined.

### Iceberg Order

- Iceberg Orders are large orders with quantities only partially visible in the order book. Normally used by the trader to avoid adverse price movements.

### Market-to-Limit Order

- Market-to-limit orders offer the high probability of execution of market orders combined with protection against unintended price impact.

#### Validity Constraints

Good-for-day	Auction Only
Good-till-date*	Opening Auction Only
Good-till-cancelled*	Accept Surplus Order Closing Auction Only

#### Execution Conditions

Immediate-or-Cancel	Stop Limit Order
Fill-or-Kill	Stop Market Order

\* Max. validity of 90 days



## Xetra Trading Screen

15

Number of Buyers/Orders behind each limit.  
Accumulated buy quantity at a given limit.  
Best Buy price.  
Best Sell price.  
Accumulated sell quantity at a given limit.  
Number of Sellers/Orders behind each limit.

Market Depth - 10 Best Bid / Best Ask prices updated in real time

Indication of the trading phase (Continuous Vs. Auction)

Order Entry Window

A highlight on the screen indicates the updating of a quote.

Instr	WKN	ISIN	BidCn	BidQty	Bid	Ask	AskQty	AskCn	LstPrc	LstQty	LstTime	C/E	Curr	Phase	Ind	Plnd	C
+ DCX	710000	DE0007100000	3	5,300	49.03	49.90	4,400	2	49.90	100	13:54:44		EUR	TRADE			
+ DGX	542190	DE0005421903	3	1,600	32.88	32.96	2,800	1	32.97	700	13:54:09		EUR	TRADE			
+ DPW	555200	DE0005552004	1	1,000	18.18	18.20	1,000	1	18.18	1,000	13:53:07		EUR	TRADE			
+ DRB	535000	DE0005350003	1	500	52.96	53.03	1,000	1	53.00	500	13:56:54		EUR	TRADE			
- DTE	555750	DE0005557508	1	1,000	24.17	24.18	1,100	1	24.18	400	13:57:05		EUR	TRADE			
			6	16,700	24.16	24.19	5,000	1									
			2	21,000	24.15	24.20	15,900	5									
			2	6,400	24.14	24.21	14,400	3									
			3	25,900	24.13	24.22	7,500	3									
			3	9,900	24.12	24.23	18,000	3									
			4	13,100	24.11	24.24	7,500	2									
			10	67,300	24.10	24.25	61,200	3									
			2	10,500	24.09	24.26	10,700	3									
			1	10,000	24.08	24.27	10,500	2									
+ DTEA	879530	US2515661054	1	100	24.05					24							
+ EOA	761440	DE0007614406	1	3,000	58.79	58.89	900	1	58								
+ EPC	512800	DE0005128003	2	700	65.81	65.95	600	1	65								
+ FME	578580	DE0005785802	1	1,000	81.30	81.45	200	1	81								
+ FME3	578583	DE0005785836	1	1,400	57.40	57.50	200	1	57								
+ HEN	604840	DE0006048408	1	1,000	64.33	66.26	700	1	65								
+ HEN3	604843	DE0006048432	1	700	70.34	70.49	4,200	3	70								
+ HVM	802200	DE0008022005	1	200	58.31	58.40	3,600	3	58								
+ HVM2	802202	DE0008022021															
+ IFX	623100	DE0006231004	1	1,400	36.92	36.96	1,300	1	36								
+ LHA	823212	DE0008232125	1	2,000	20.21	20.23	12,600	7	20								
+ LIN	648300	DE0006483001	1	100	50.24	50.32	2,200	2	50								
+ MAN	593700	DE0005937007	2	2,100	26.04	26.14	1,700	1	26								
+ MAN3	593703	DE0005937031	3	5,200	20.50	20.60	3,000	2	20								
+ ME0	725750	DE0007257503	1	2,400	42.10	42.15	2,500	3	42								
+ ME02	725752	DE0007257529				42.25	2,000	1	41								
+ ME03	725753	DE0007257537	1	100	28.51	30.00	5,000	1	30								
+ MUV2	843002	DE0008430026	1	100	326.21	326.70	600	2	326								
+ MUV4	843004	DE0008430042															

## Safeguards in Auctions and Continuous Trading

16

### Volatility Interruption

In order to ensure price continuity a volatility interruption occurs if the potential execution price is outside a predefined price range.

### Market Order Interruption

In order to improve the probability of execution of market orders during auctions, the call phase is extended if at the time of price determination a market order surplus exists.

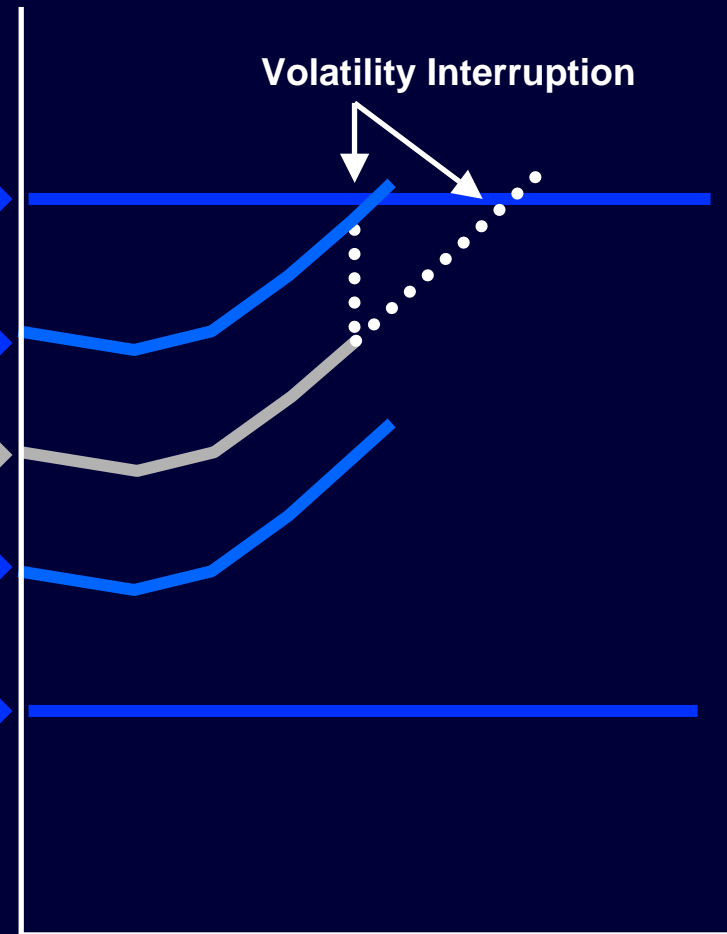
Static Corridor Upper Limit

Dyn. Corridor Upper Limit

Share price\*

Dyn. Corridor Lower Limit

Static Corridor Lower Limit



## Additional liquidity through Designated Sponsors and Market Experts

17

### Obligations:

- Increases liquidity
- Performance is monitored and rated (AA-DD)
- Trading fee rebate depending on rating

### Overview of the DS activity to date

- No DS for Liquidity class A shares (47 most liquid equities on Xetra) as the liquidity can not be further increased
- For all others: at least 1DS to be traded in Continuous trading (requirement to be in Prime Standard)
- Liquidity of the US STARS and European STARS is ensured by Market Experts and additional Designated Sponsors.
- 45 Registered Designated Sponsors

Requirements for DS quotes					
	LC *1	LC 2	LC 3	LC 4	LC 5
Minimum quote volume in Euro	20.000	15.000	10.000	5.000	./. (1 Share)
Maximum Spread					
≥ 8,00 Euro	2,50%	4,00%	5,00%	7,00%	5,00%
Min [8,00 Euro; 1,00 Euro]	0,20 Euro	0,32 Euro	0,40 Euro	0,56 Euro	0,40 Euro
Max [8,00 Euro; 1,00 Euro]	10,00%	10,00%	10,00%	10,00%	10,00%
< 1 Euro	0,10Euro	0,10 Euro	0,10 Euro	0,10 Euro	0,10 Euro
Requirements for continuous trading					
Quoting time	Min. 50% of actual trading time				
Anforderungen in Auktionen					
Quote entry for domestic equities	60 Sekunden after start of call phase				
Quoting time	Until price determination				
Minimum participations in all auctions	90% of all auctions				
Minimale participation in all opening auctions	90% of all opening auctions				
Minimum participation in volatility interruptions	80% of all volatility auctions				



## The five business objectives of the CCP concept

18

**Insulate against  
counterparty risk**

- Take over of counterparty risk by Eurex Clearing AG  
Eurex Clearing Counterpart in all trades

**Post-trade anonymity**

- Extension of existing orderbook anonymity (pre-trade) to posttrade  
anonymity

**Efficient calculation/  
allocation of collateral**

- Reduction of collateral requirements through offsetting of buy and  
sale side Possibility to combine the pledging of collateral for  
different trading platforms (e.g. cash market and derivatives  
positions).

**Extension of trade  
management/delivery  
process**

- Opportunity of delivery dispositions for all sale trades for members  
via appropriate user and/or a file-based interface

**Reduction of settlement  
volume/ delivery  
instructions**

- Reduction of settlement Volume by contractual netting.
- Reduction of failure risk by decreased number of delivery  
instructions

- **Xetra Structure and Overview 2004**
- **Xetra Product Offering**
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- **Connection to Xetra**
  - Membership Prerequisites
  - Fee and Pricing for Trading on Xetra
  - Xetra Network Connectivity Options
  - Data Flow Overview

## Membership Prerequisites

20

### Overview: Company

- Only Credit Institutions and investment companies can become Xetra members

### Trading

- Nomination of a person, who is entrusted with the management of the company and knowledgeable in Securities trading
- At least one qualified Xetra trader

### Clearing

- Direct clearing : An account with one of the “Landeszentralbanken” and at the Clearstream Banking AG and Eurex Clearing (CCP), or
- Through a clearing bank who holds the above mentioned accounts.

### Infrastructure

- Compliance with the technical guidelines provided by Deutsche Börse AG.

### Admission Process:

- Average necessary time for the completion of the admission process is 3 months.
- Hardware at member’s site is normally the responsibility of the member unless ExServes is used.
- Participation in the simulation environment is possible before the completion of the legal admission.
- All official documents (e.g. Register of companies, supervisory authority etc.) will have to be turned in either as originals or as certified copies.
- supporting documentation can be turned in either in English or in German (exception – clearing bank agreement is valid only in German copy)



## Fee and Pricing for Xetra Trading

21

### Trading fees

Fee Package	High	Medium	Low
Transaction Fee for Equities in % of the order value	0.0056%	0.0059%	0.0064%
Floor per executed Order	€0.70	€0.73	€0.81
Cap per executed order	€21.00	€22.05	€24.15
Monthly minimum fee	€20.000	€5.000	€2.000
Transaction Fee for OTC trading in % of the order value	0.0028%	0.00295%	0.0032%
Block Crossing (Cap €1.000)	0.002%	0.002%	0.002%

### Connection fees

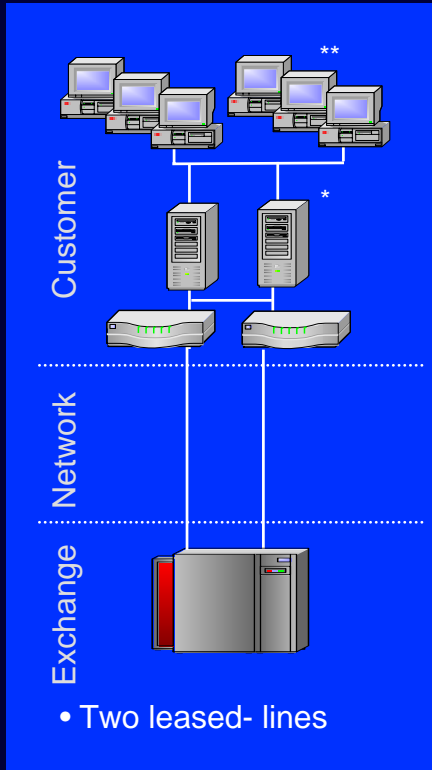
Single 128Kb leased Line	€1,500 per month
128Kb internet connection	€ 750 per month
Single @Xetra Workstation	€1,500 per month

\*The connection prices specified above apply for Inter-European connections only

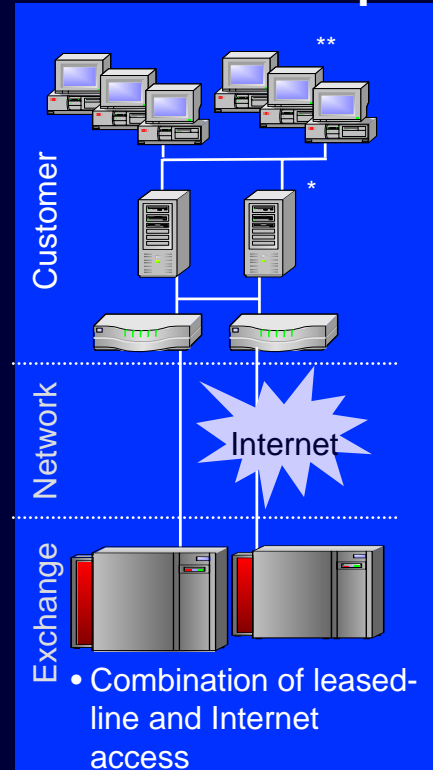
\*\*The participants instruct a provider of his choice for internet access and bears the resulting costs.

## Xetra Network Connectivity Options

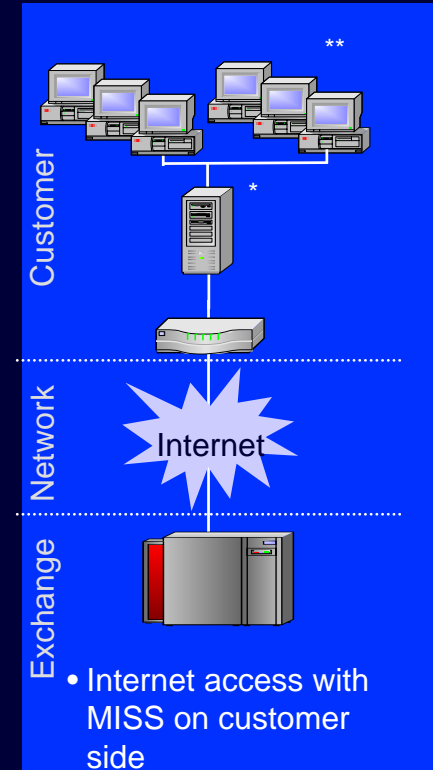
### 2 Leased Lines



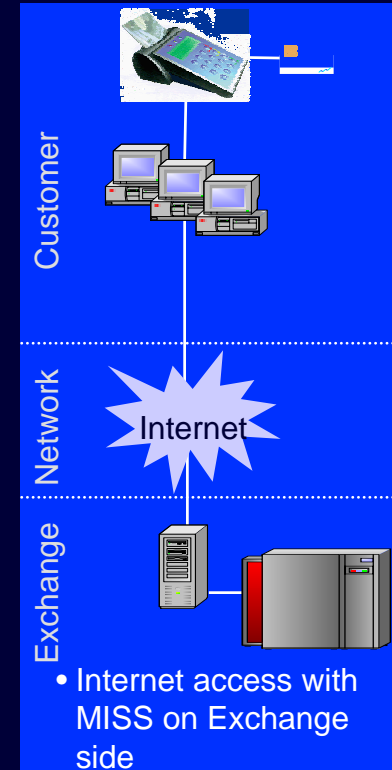
### 1 Leased Line, Internet back-up



### Internet Access



### @Xetra

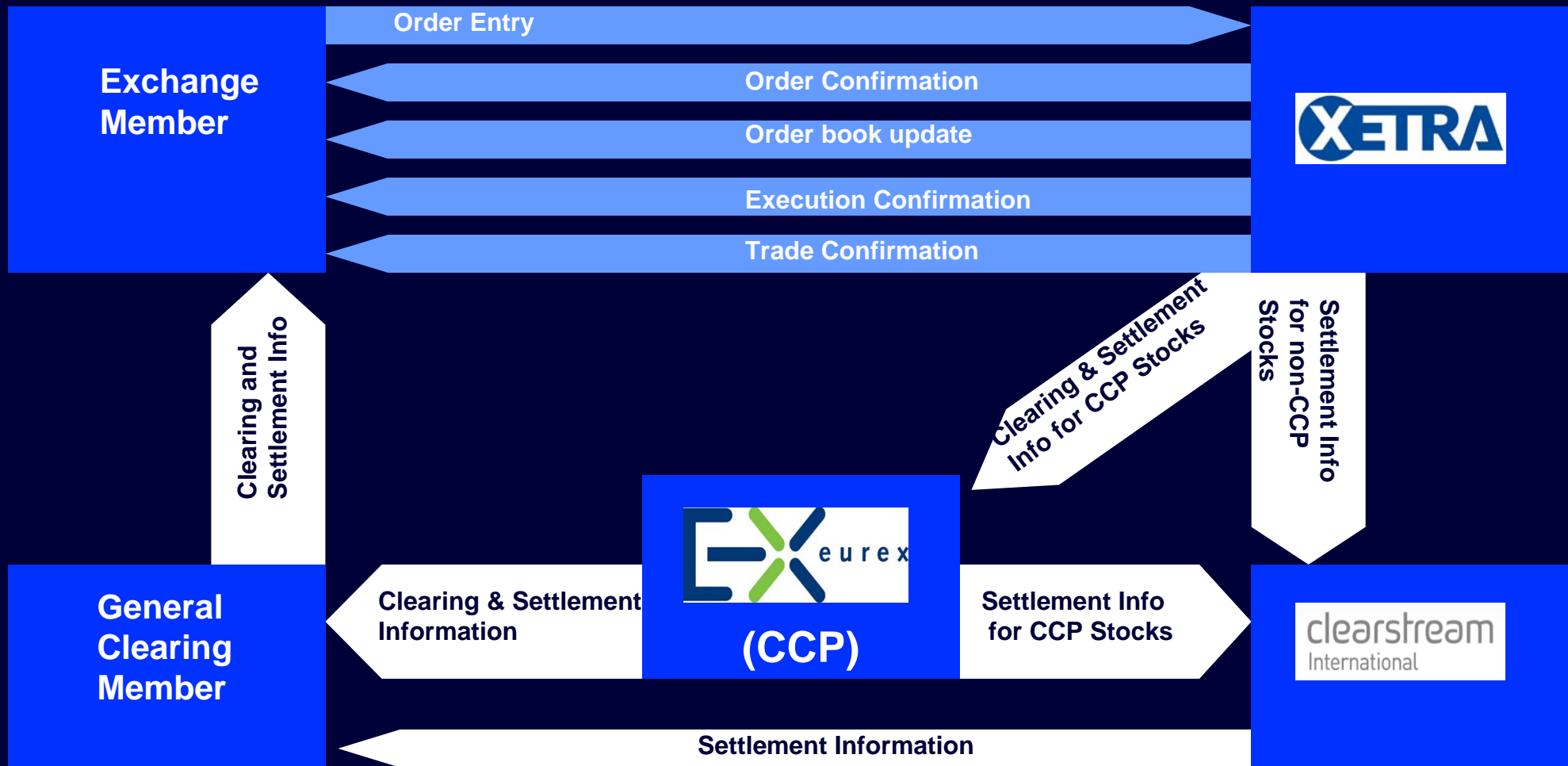


Performance, Availability, Cost

\*Operating System Server: Microsoft Windows 2000 or Sun Solaris 8.0

\*\* Operating System client: Microsoft Windows 2000 or XP or Sun Solaris 8.0

## Data Flow Overview



# Connection to Xetra

## Your Contacts to Deutsche Börse AG

### Stock Market Business Development - Sales

- General point of contact for all questions concerning Deutsche Börse/Xetra
- Consulting partner in the connection decision
- Product and Business Development Support

### Your contact:

Stock Market Business Development - Sales

**Oliver Klopsch**

Tel. +49-69-211-11550

Fax +49-69-211-14231

<http://deutsche-boerse.com>



## Overview

26

- **Matching of trades by Floor Brokers**
  - **One Floor Broker per security**
    - **matches trades according to order book (closed orderbook)**
  
- **Decentralised, and easy access to Floor through “Xontro”**
  - **Electronic system to submit orders to Floor broker**
    - **Possibility of OTC/PUEV entry for participants**



## Fee Structure

27

### Admission fee

Kind of admission	Fee p.a. /in €
<b>Floor Trading</b>	
Floor incl. Xontro	15,000* + 1,500 per trader
Xontro only	7,500
<b>Electronic Trading</b>	
Xetra	1,500

### Trading fees

Functionality	Fee in €
Contract Note (buy or sell)	1.75
Contract Note (compensation)	1.75
Direct trades (OTC)	0.50
Monthly fee for infrastructure	55.00
Fee per item in contract not file	0.06
Minimum fee for contract note file	750.00/ per quarter

### Connection fees

#### Monthly flat fee for usage of technical DBAG Infrastructure\*\*

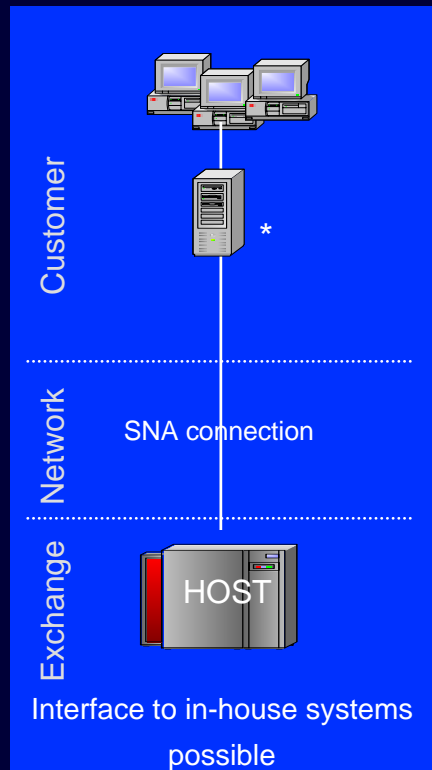
For 64Kb Line	€ 1,179.50 per month
For 128Kb line	€ 1,879.50 per month
For 256Kb line	€ 2,579.50 per month
For Internet Access "HobLink"	€ 450.00 per month
For Xontro System connection	€ 7,500.00 per month

\* inclusive one trader

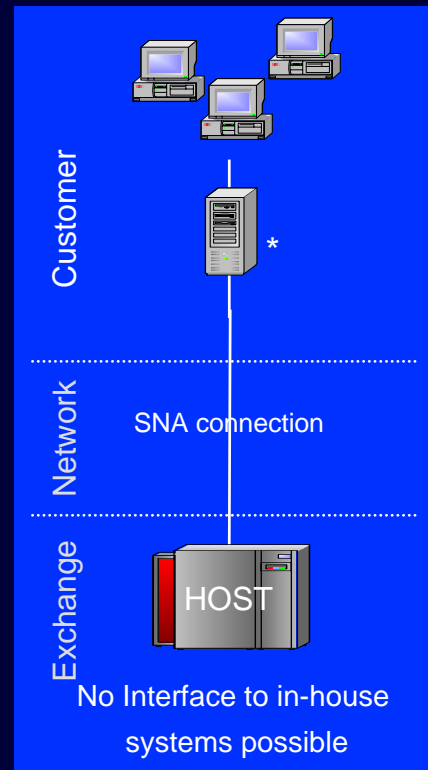
\*\* Additional line costs depend on the location of client and will be billed separately

## Xontro Network Connectivity Options

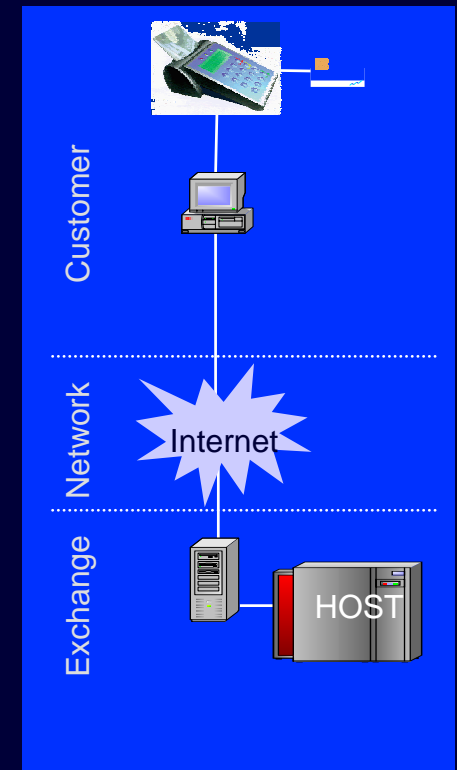
### Xontro System connection



### Dialog Access



### HobLink connection



Performance, Availability, Cost

\*Connection also possible via other mainframe-applications (Cascade, WSS, Trice)