

# Remuneration Policy for the Executive Board (Vorstand)

of

Eurex Clearing AG

Version 1.0

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**Remuneration Policy for the Executive Board**

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## 1 Introduction

### 1.1 Scope of the Policy

The remuneration policy ("Policy") applies to the members of the Executive Board of Eurex Clearing AG ("Company").

### 1.2 Purpose and objectives of the Policy

The objectives of the Policy are

- to set out the principles governing the Company's Remuneration system in organisational guidelines,
- ensure that the Remuneration is in line with the applicable regulations on remuneration (Instituts-Vergütungsverordnung dated 12 October 2010) and is monitored accordingly,
- to ensure that the Remuneration is in line with the applicable regulatory requirements pursuant to European Commission delegated Regulation (EU) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 ("EMIR") with regard to regulatory technical standards on requirements for central counterparties ("Regulatory Technical Standards"),
- ensure that the Remuneration is properly monitored, and
- to inform Management on the applicable rules as well as on their Remuneration system.

The Policy is in line with the Deutsche Börse Group remuneration principles unless amendments are required under applicable regulatory requirements.

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### 1.3 Roles and responsibilities, effective date

#### Ownership:

- 1) A remuneration committee was set up by the Supervisory Board (Aufsichtsrat) in accordance with Regulatory Technical Standards and EMIR. The Remuneration Committee drafts and organizes the regular review of the Policy with the assistance of other departments as required.
- 2) The Policy will become effective upon approval by the Supervisory Board.

### 1.4 Annual review

The Policy, the Remuneration system and their practical operation shall be reviewed by the Remuneration Committee on a regular basis, at least once a year. In this respect the Remuneration Committee supports the Company's efforts to ensure compliance of the Policy with regulatory requirements and applicable law. Human Resources shall provide the preparation for such reviews. The Policy and the Remuneration system shall be amended if necessary. The Remuneration Committee shall ensure that any changes to the Policy are properly documented. At the beginning of a year the Remuneration Committee shall consult Group Risk Management as to whether a risk assessment is necessary. If such an assessment is necessary Group Risk Management will conduct a risk analysis. The Remuneration Committee will report on the outcome to the Supervisory Board at least on a yearly basis.

### 1.5 Definitions

In this Policy

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**“Infrastructure Functions”** means those organisational units within the Company that monitor organisation units that originate business, in particular, the market and trading units. These include, in particular, the back office and risk controlling units, and units with a compliance function. The internal audit function is also deemed to be a Control Unit within the meaning of this Policy.

**“Management”** mean the members of the Executive Board of the Company. Members of the Group Executive Board of Deutsche Börse AG who are also a member of the Executive Management Board of the Company shall also be subject to the requirements of the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG) and Deutscher Corporate Governance Kodex (DCGK).

**“Remuneration”** means all monetary or monetarily measurable ancillary benefits of any kind as well as benefits from the Company or third parties that Management receives in performance of their professional duties; monetary or monetarily measurable ancillary benefits which have no incentive effect with respect to the assumption of risk positions, such as, for example, discounts, collective and company insurance and social welfare benefits and are granted by means of an Company-wide, non-discretionary regulation, shall not be considered Remuneration.

**“Variable Remuneration”** means the portion of Remuneration, the awarding or amount of which is at the Company’s discretion or is dependent on the occurrence of agreed conditions and shall include discretionary contributions to pension schemes.

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## **2 Remuneration systems**

### **2.1 General rules**

#### **2.1.1 Form requirements**

The Remuneration Management receives for its professional activities at the Company must be stipulated definitively in its service contract. The service contract and any subsequent amendments must be in written form.

#### **2.1.2 Consistency with business strategy**

The Remuneration shall be in line with the business strategy, objectives, values and long-term interests, such as sustainable growth prospects. The definition of performance criteria for the assessment of Remuneration levels and target achievements will be determined in accordance with the business strategy.

#### **2.1.3 Consistency with prudent risk management**

The level and structure of the Remuneration shall be aligned with prudent risk management. It shall take into consideration prospective risks as well as existing risks and risk outcomes. The pay-out schedules shall be sensitive to the time horizon of risks. In particular in the case of Variable Remuneration due account shall be taken of possible mismatches of performance and risk periods and it shall be ensured that payments are deferred as appropriate.

#### **2.1.4 Appropriateness of Remuneration and deferrals of payment**

The Remuneration shall be structured appropriately. This means, in particular, that:

- 1) The Remuneration of Management shall be commensurate with the respective tasks and the performance as well as the situation of the Company and shall not exceed the usual remuneration
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without cause. When determining the usual remuneration an appropriate peer group shall be considered; such peer group may also include performers in horizontal international peer groups.

- 2) The provisions for the Variable Remuneration shall take due account of possible mismatches of performance and risk periods. In particular, payments of Variable Remuneration shall be deferred as appropriate. Variable Remuneration is not guaranteed, i.e. all Variable Remuneration is based on a performance measurement and can be 0%.
- 3) There shall be an appropriate ratio between the fixed and the Variable Remuneration. Guaranteed Variable Remuneration is exceptional and is only allowed in connection with the hiring of Management and is limited to a max. period of one year.

#### **2.1.5 Avoiding high risk positions**

The Remuneration of Management shall be designed in a way that incentives for incurring disproportional high risk positions are avoided. In light of this, there should not be

- 1) a significant dependency on Variable Remuneration; and
- 2) significant contractual severance entitlements which are not diminished by individual negative performance contributions.

#### **2.1.6 Prohibition of personal hedging strategies**

Management shall not undertake any personal hedging strategies or other countermeasures (such as insurances) that confine or neutralize the risk alignment effects of its Remuneration.

#### **2.1.7 Infrastructure Functions / Conflict of interest management (esp. Control Units)**

The amount of the Remuneration of Infrastructure Functions ( e.g. Control Units, Risk Management, Compliance, Internal Audit) shall not be determined to a considerable extent on the basis of parameters concurrent with the parameters used for determining the bonus of business units if this

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results in a potential conflict of interest, e.g. a variable remuneration depended on the business performance of the Company. The Remuneration of Infrastructure Functions is to be such that appropriate staffing is ensured (as to quality and quantity). Infrastructure Functions shall be involved to examine whether Remuneration systems are structured in such a way that harmful incentives for incurring disproportionately high risk positions are avoided (see 2.1.5).

#### **2.1.8 Ensuring appropriate capital base**

The Variable Remuneration must not limit the Company's ability to sustainably maintain or recover an appropriate capital base.

#### **2.1.9 Information**

Management shall be informed by e-mail or in writing about the structure of its Remuneration system.

#### **2.1.10 Publication**

The key elements of the Policy shall be made available to the public, free of charge. The general design (in particular the parameters, composition, total amount of the Remuneration, split of fixed and Variable Remuneration, involvement of external consultants and stakeholders) of the Remuneration of Management shall be published in the internet.

## **2.2 Specific rules**

### **2.2.1 Remuneration components (general)**

- 1) Management shall receive a fixed and Variable Remuneration.
  - 2) The fixed Remuneration shall be a substantial proportion of the total annual Remuneration.
  - 3) The Variable Remuneration of Management consists of a cash bonus and a share bonus.
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- 4) The Variable Remuneration, especially their components, is aligned with the rules stipulated in 2.1. of the Policy and is not guaranteed, i.e. all Variable Remuneration components are based on a performance measurement and can be 0%.

## 2.2.2 Remuneration components (specific)

### 2.2.2.1 Fixed Remuneration

The fixed Remuneration of Management should be adequate and in line with regulatory requirements.

### 2.2.2.2 Variable Remuneration

- a. Ratio between fixed and Variable Remuneration
- 1) The Variable Remuneration for Management shall amount to a maximum of 70% of the total annual Remuneration.
  - 2) Each year the Supervisory Board decides the bonus budget on the basis of the business performance. The individual bonus is calculated using the performance measurement Executive Appraisal System (Ex-App). The Supervisory Board then has the opportunity to make individual adjustments.
- b. Composition of Variable Remuneration
- 1) The Variable Remuneration for Management must represent an adequate ratio between the cash bonus and share bonus.
  - 2) The cash bonus is based on performance for at least 1 calendar year and is paid out in February of the following calendar year. See also performance measurement Ex-App under point 2.2.3.
  - 3) The share bonus will be granted in the form of Deutsche Börse AG phantom stocks. The share bonus (Stock Bonus Plan – “SBP”) has a waiting period of at least 3 calendar years following the respective performance year. The share bonus is blocked during this time period. The number of shares to be granted will be determined by

dividing the individual amount stipulated for the SBP by the average market price of a Deutsche Börse AG share in the fourth quarter of the relevant financial year.

### 2.2.3 Performance Measurement / Executive Appraisal System (Ex-APP)

- 1) The individual performance measurement of Management is ensured through the Executive Appraisal System (Ex-APP), which is applied at Deutsche Börse Group.
- 2) Performance is measured annually, documented and tracked in the Ex-APP system. The performance assessment for Management is executed by the Supervisory Board. Changes in fixed Remuneration have to be approved by the Supervisory Board.
- 3) Performance measurement for cash & share bonuses for Management takes predefined performance factors (see below) and Deutsche Börse AG share price movement into account.
- 4) Main features of Ex-App

The appraisal process consists of the following:

- agreeing on targets with Management
  - feedback on the performance (P-Score) of Management expressed in degree of target achievement (T-Score) and assessment of competencies (C-Score), both 50% each.
- 5) Objectives of the process
    - apply transparent rules;
    - link performance to business targets;
    - link performance to long-term perspective;
    - measure and judge performance in an objective and consistent way;
    - clarify task definition and the expectation of accomplishment.
  - 6) Assessment of target achievements (T-Score)
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In the appraisal process Management is rated on their individual performance in terms of accomplishing the agreed targets during the performance year. For the appraisal the degree of target achievement is expressed in percentages for each target. The target achievement score (T-Score) is determined by averaging single target achievements, taking into account double weightings where applicable.

#### 7) Assessment of competencies (C-Score)

The competencies of Management are assessed during the respective performance year and compared against the respective reference profile. The reference profile indicates the expected level of performance of Management in this particular career path and level. The deviations between the actual performance and the expected performance determine the C-Score.

The single competencies are numerically assessed according to the following scheme:

- meeting the reference profile = 100%
- exceeding the reference profile by one level or more = 120%
- falling one level below the reference profile = 70%
- falling two levels below the reference profile = 40%
- falling more than two levels below the reference profile = 0%

The C-Score is the average of all single scores expressed in percentages.

#### 8) Performance score (P-Score)

Target achievement and competency assessment serve as indicators for Management overall performance level expressed in the performance score (P-Score). The P-Score is the sum of the T-Score and the C-Score, divided by two.

#### 9) Performance timing

The approach described in 2.2.3 is related to a performance period of 1 year.

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### 3 Version Record

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Version	Date	Author	Remark
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