



DEUTSCHE BÖRSE
GROUP

www.deutsche-boerse.com

Financial report 2017

Excerpt:
fundamental information about the Group



Combined management report

This combined management report covers both Deutsche Börse Group and Deutsche Börse AG and includes the combined non-financial statement according to the CSR directive. It follows the requirements in accordance with the Handelsgesetzbuch (HGB, German Commercial Code), the Deutscher Rechnungslegungs Standard Nr. 20 (DRS 20, German Accounting Standard No. 20) and the Deutscher Rechnungslegungs Änderungsstandard Nr. 8 (DRÄS 8, German Amendment Accounting Standard No. 8). This management report also takes into account the requirements of the Practice Statement “Management Commentary” issued by the International Accounting Standards Board (IASB).

Fundamental information about the Group

Overview of Deutsche Börse Group

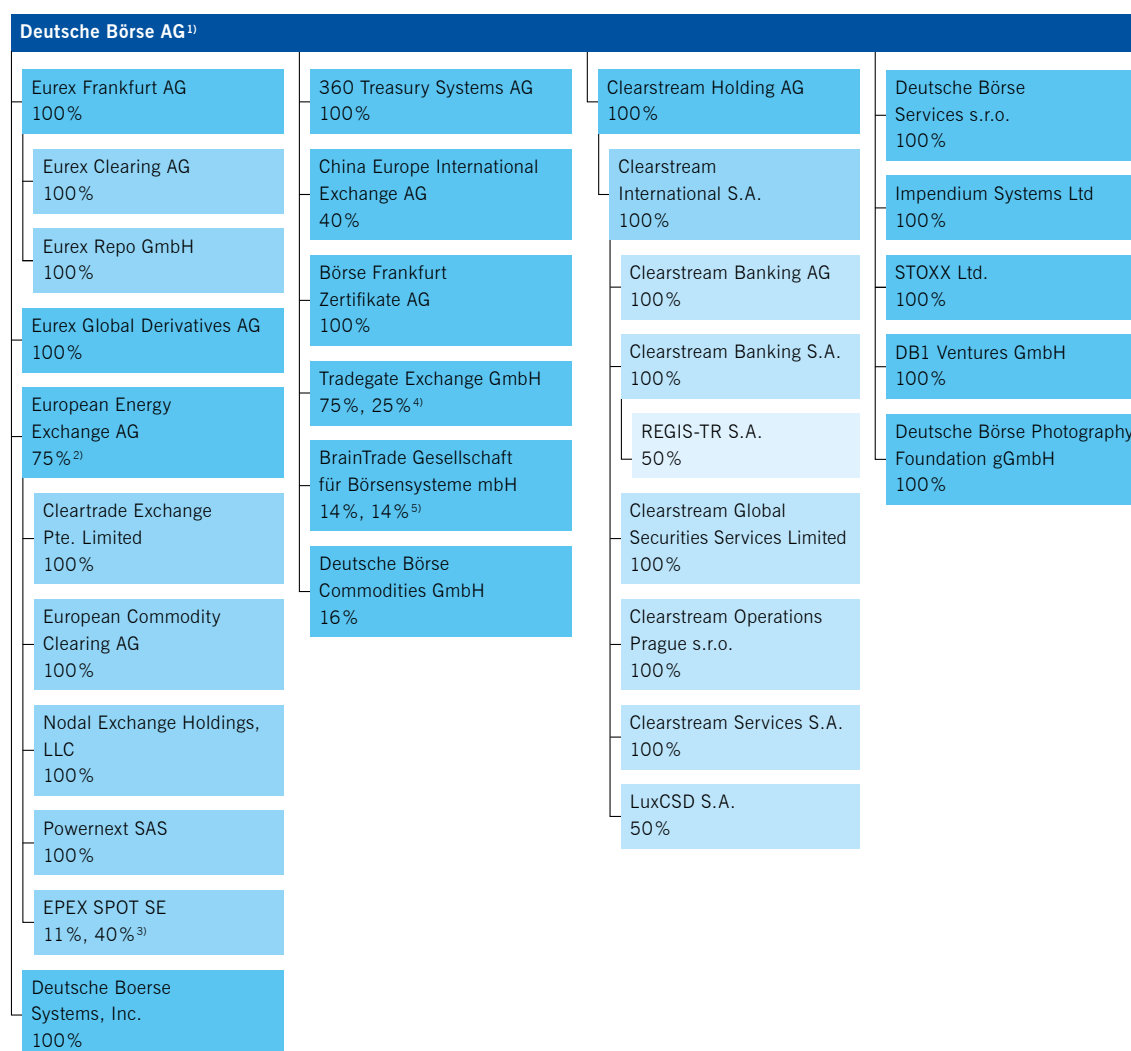
Business operations and Group structure

Deutsche Börse AG, which is headquartered in Frankfurt/Main, Germany, is the parent company of Deutsche Börse Group. As at 31 December 2017, the Group employed 5,640 people at 39 locations in 29 countries. As one of the largest market infrastructure providers worldwide, Deutsche Börse Group offers its customers a wide range of products and services. These cover the entire financial market transactions value chain – from trading through transaction clearing and settlement, securities custody, services for liquidity and collateral management, and the provision of market information, down to the development and operation of IT systems that support all these processes.

Deutsche Börse AG operates the cash market at Frankfurter Wertpapierbörse (FWB[®], the Frankfurt Stock Exchange) with its fully electronic trading venue Xetra[®]. It also offers trading in structured products (certificates and warrants) in Germany via Börse Frankfurt Zertifikate AG. In addition, Deutsche Börse AG operates the Eurex Exchange derivatives market via Eurex Frankfurt AG. Commodities spot and derivatives markets are operated by the Group’s indirect subsidiary European Energy Exchange AG (EEX). Deutsche Börse AG operates a foreign-exchange trading platform via its subsidiary 360 Treasury Systems AG (360T). The Group also offers clearing services for the cash and derivatives markets (Eurex Clearing AG). Furthermore, Deutsche Börse sells price and reference data as well as other trading information; its STOXX Ltd. subsidiary develops and sells indices. All post-trade services that Deutsche Börse Group provides for securities are handled by Clearstream Holding AG and its subsidiaries (Clearstream Holding group). These include transaction settlement, the administration and custody of securities, as well as services for global securities financing and investment funds. Deutsche Börse AG and Clearstream Services S.A. develop and operate Deutsche Börse Group’s technological infrastructure.

The [“Shareholding structure of Deutsche Börse Group”](#) chart gives an overview of Deutsche Börse Group’s main shareholdings; its basis of consolidation is presented in full in [note 2 to the consolidated financial statements](#).

Shareholding structure of Deutsche Börse Group



1) Simplified presentation of main shareholdings (rounded values), as at 1 January 2018
 2) Economic participation; lower voting rights
 3) Direct equity interest European Energy Exchange AG: 11%, direct equity interest Powernext SAS: 40%
 4) Direct equity interest Deutsche Börse AG: 75%, direct equity interest Tradegate AG Wertpapierhandelsbank: 25%
 5) Direct equity interest Deutsche Börse AG: 14%, direct equity interest Börse Frankfurt Zertifikate AG: 14%

Management

The governing bodies of Deutsche Börse AG, which is a German stock corporation, are the Annual General Meeting, the Supervisory Board and the Executive Board, each of which has its own areas of responsibility.

The Annual General Meeting rules on the appropriation of the unappropriated surplus, appoints the shareholder representatives on the Supervisory Board and approves the actions of the Executive Board and the Supervisory Board. In addition, it rules on corporate actions and other matters governed by the Aktiengesetz (AktG, German Stock Corporation Act).

The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in key decisions affecting the company. Additionally, it approves the consolidated financial statements prepared by the Executive Board. Members of the Supervisory Board are appointed for a period of three years, although the Annual General Meeting may determine a shorter term of office when electing members. The Supervisory Board of Deutsche Börse AG has twelve members: eight shareholder representatives and four employee representatives. Effective as of the 2018 Annual General Meeting, Deutsche Börse AG's Supervisory Board will consist of an equal number of shareholder representatives and employee representatives. Further details are described in the [“Combined corporate governance statement and corporate governance report”](#) section.

The Executive Board manages the company at its own responsibility; the Chief Executive Officer (CEO) coordinates the activities of the Executive Board members. In financial year 2017, the Executive Board of Deutsche Börse AG had five members. CEO Carsten Kengeter retired from the Executive Board with effect from 31 December 2017. He was succeeded by Theodor Weimer on 1 January 2018. The remuneration system and the remuneration paid to the individual members of the Executive Board are described in detail in the [remuneration report](#).

Reporting segments

Deutsche Börse Group classifies its business into four segments: Eurex, Xetra, Clearstream and Market Data + Services. This structure serves as a basis for the Group's internal management and for financial reporting (see the [table entitled “Deutsche Börse Group's reporting segments”](#) for details). The Group plans to adapt its internal segment management with effect from the first quarter of 2018. Consequently, a more detailed segment reporting will be established to further enhance transparency. The Eurex

Deutsche Börse Group's reporting segments

Reporting segment	Business areas
Eurex	<ul style="list-style-type: none"> ▪ Electronic trading of European derivatives (Eurex Exchange), commodities (EEX group) and foreign exchange (360T®) ▪ Eurex Repo® over-the-counter (OTC) trading platform ▪ C7® electronic clearing architecture ▪ Central counterparty for on- and off-exchange derivatives and repo transactions
Xetra	<ul style="list-style-type: none"> ▪ Cash market with the Xetra®, Börse Frankfurt and Tradegate trading venues ▪ Central counterparty for equities and bonds ▪ Admission of securities (listing)
Clearstream	<ul style="list-style-type: none"> ▪ Custody and settlement services for securities ▪ Global securities financing and collateral management services ▪ Investment funds services
Market Data + Services	<ul style="list-style-type: none"> ▪ Distribution of licences for trading and market signals ▪ Development and sales of indices (STOXX) ▪ Technology and reporting solutions for external customers ▪ Trading participant connectivity

segment will be split into Eurex, Commodities and Foreign Exchange. The Clearstream segment will be reported as Clearstream, Investment Funds Services and Global Securities Financing. The Market Data + Services segment will be divided into index and data business. Furthermore, the Group will continue to report the Xetra segment results. Recognising the growing importance of these business lines, the Group will henceforth report their net revenue as well as their cost base – and therefore, profitability.

Organisational structure

The Clients, Products & Core Markets division combines Deutsche Börse Group’s derivatives trading businesses, its clearing house as well as Clearstream’s settlement and custody business. Clients, Products & Core Markets is responsible for coordinating Group-wide product development as well as global sales activities. The IT & Operations, Data & New Asset Classes division combines Deutsche

Leadership structure of Deutsche Börse Group as at 1 January 2018

Group Executive Board					
CEO	Clients, Products & Core Markets	Cash Market, Pre-IPO & Growth Financing	IT & Operations, Data & New Asset Classes		CFO
T. Weimer	J. Tessler	H. Stars	A. Preuss		G. Pottmeyer
Group Strategy/ Mergers & Acquisitions	Core Markets Development	Cash Market Development & Op. Management	Market Operations	FX/360T	Financial Accounting & Controlling
Group Communications, Marketing & Reg. Strategy	Clearing/CCP/CH	Cash Market Sales & Partner Markets	GFF IT	European Energy Exchange (EEX)	Chief Compliance Officer
Group Audit	Group Client Services & Administration	Pre-IPO & Capital Markets	IFS IT	Executive Office	Investor Relations
Group Legal & Regulatory Affairs	Settlement & Custody Core Products	Community Development	Digital Workplace	Clearing IT	Treasury
Human Resources	Group Business & Product Development	Digitisation/ Platforms	Derivatives & Cash Trading IT	Corporate Systems	Chief Risk Officer
Group Venture Portfolio Management	Investment Funds Services & GSF	Growth Financing	Asset Servicing	Data IT	Group Organisational Services
Chief of Staff	Group Sales		IT Infrastructure	Energy	Strategic Finance
Innovation (ext.)	Derivatives Markets Trading		Settlement IT	Risk IT	Group Project Portfolio Management
			Market Data + Services		Compensation Officer
					Group Tax

Börse Group's IT activities and market operations. Technological transformation and digitisation are key issues which are advanced by this division – in close coordination with the CEO. The market data business, the electronic foreign-exchange trading platform 360T[®], as well as EEX group also belong to this division. Deutsche Börse Group's cash market businesses – comprising the trading venues Xetra, the Frankfurt Stock Exchange, and the certificates and warrants business – are allocated to the Cash Market, Pre-IPO & Growth Financing division. The division is also responsible for the build-up of a pre-IPO market and for tools for growth financing. The portfolio of the Chief Financial Officer (CFO) includes, amongst others, risk management, compliance, investor relations and portfolio management. The responsibilities of the CEO include Group Strategy, the area of Group Legal & Regulatory Affairs and Human Resources, as well as innovation; moreover, he provides strategic impetus in the areas of technological transformation and digitisation. The current organisational set-up is shown in the [☞ “Leadership structure of Deutsche Börse Group as at 1 January 2018” chart](#).

Objectives and strategies

Deutsche Börse Group's objectives and strategies

Deutsche Börse Group is one of the largest market infrastructure providers worldwide. The Group's business model enhances the capital markets' stability, efficiency and integrity. Issuers benefit from the low capital costs it offers, while investors enjoy high liquidity and low transaction costs. At the same time, Deutsche Börse stands for transparent, secure capital markets in which organised trading is based on free price formation.

Deutsche Börse's business success is founded on its business model: its broadly diversified product and service range covers the entire value chain for financial market transactions. The business model aims to offer customers reliable services in an efficient and cost-effective manner, based on the following key principles:

- Integrating different financial market services such as trading, clearing, settlement, securities custody, liquidity and collateral management, as well as index and market data services
- Providing these services for different asset classes such as equities, bonds, funds, commodities, foreign-exchange (FX) products, fixed-income products and derivatives on these underlyings
- Developing and operating proprietary electronic systems for all processes along the value chain
- Organising an impartial marketplace to ensure orderly, supervised trading with fair price formation, plus providing risk management services

The efficiency of this business model can be seen from the fact that Deutsche Börse Group has generated strong cash flows from operating activities for many years and that it is one of the most cost-effective providers of trading, clearing and settlement services among comparable products.

In order to maintain its leading position among exchange organisations and to grow further, Deutsche Börse Group pursues its Group-wide growth strategy with the following objectives: to actively participate in global competition among capital markets infrastructure providers – in an agile, ambitious and effective manner with a strong client focus – and to turn Deutsche Börse into the global market infrastructure provider of choice, being top-ranked in all its activities. In order to achieve this strategic objective, Deutsche Börse has launched a broad range of initiatives, and triggered a cultural change throughout the company.

In the context of its growth strategy, Deutsche Börse Group has implemented far-reaching organisational changes and defined its financial targets. As part of that, the company is constantly assessing its future competitive positioning, profitability, innovative strength, and strategic benefits of all its shareholdings and own activities. Deutsche Börse pursues the goal of becoming the number one or number two player in every business area the company operates in – a goal that requires active management of the business portfolio.

Likewise, the Group has conducted an in-depth review of its organic growth initiatives, and reprioritised where appropriate. In this context, the Group pursues an accelerated expansion into new markets and asset classes. Within the scope of various initiatives, it aims for a markedly higher degree of innovation (please refer to the [report on opportunities](#)). Moreover, the remuneration system for the Executive Board and executive staff has created stronger incentives for growth in the individual divisions. As far as external growth opportunities are concerned, the focus is on strengthening existing high-growth areas, and on exploring new asset classes and services.

Deutsche Börse Group has a scalable business model, which permits higher business volumes at relatively minor additional costs. With a strong business performance and organic or external growth, this means that income growth will exceed cost increases. To reinforce the scalability of its business model, the Group has introduced clearly defined profit growth targets. Accordingly, it anticipates structural net revenue increases of at least 5 per cent annually, based on its current business portfolio. The Group is targeting at least 10 per cent increases in earnings before interest, tax, depreciation and amortisation (EBITDA) and consolidated net profit for the period attributable to Deutsche Börse AG shareholders.

Deutsche Börse Group's ability to achieve its organic growth targets depends on the following factors, among others:

- The effect of macroeconomic conditions on the financial markets: e.g. greater stock market volatility typically leads to higher levels of trading in the cash and derivatives markets and rising interest rates drive higher net interest income and trading volumes of interest rate derivatives.
- Regulatory requirements affecting all market participants: if regulatory initiatives (e.g. EMIR, MiFIR and Capital Requirements Directives) strengthen the role of exchanges, this will also benefit Deutsche Börse Group.
- Structural changes in the financial markets: e.g. trading activity increases if investment funds make greater use of derivatives to implement their trading strategies.
- Innovative strength: if Deutsche Börse Group succeeds in continually introducing new products and services for which there is demand on the market, the Group will further grow its business.

Deutsche Börse Group is committed to transparent, reliable and liquid financial markets, although it cannot affect how the volume drivers for these markets develop. However, the Group is able to influence the other factors to some extent or to control them in full; for instance, it can lobby for a favourable legal framework for the financial markets or it can develop products and services to support its customers' business. This also enables it to reduce its dependence on those factors that are beyond its control.

Planned merger with the London Stock Exchange Group prohibited by the European Commission

After the planned merger of Deutsche Börse Group and London Stock Exchange Group (LSEG) had run into difficulties from a political perspective, following the outcome of the Brexit referendum in the United Kingdom, the European Commission prohibited the merger at the end of March, citing competition law concerns. According to the Commission, the merger would have led to a de facto monopoly in the European market for clearing of fixed-income instruments (bonds and repurchase agreements). LSEG was not prepared to create a remedy by divesting MTS S.p.A. Both companies had agreed on a merger in the spring of 2016, and the plan had been approved by investors in both companies.

Following prohibition of the merger, Deutsche Börse Group focused on the continuation of its generic growth strategy. Moreover, the company intends to also pursue external growth options. In this context, the main focus will be on growth areas such as the index and data business, as well as on transactions designed to broaden the product and service portfolio.

Management approach for a Group-wide commitment to sustainability

Deutsche Börse Group's objectives and strategies include discharging its corporate responsibility holistically. In line with this, its management approach is guided by three action-based principles that aim to sustainably strengthen and preserve the value added to the economy and to society by Deutsche Börse Group:

- **Building trust.** Deutsche Börse Group aims to organise the capital markets in a way that ensures their integrity, transparency and security. The availability of high-quality information is a key aspect in this process, and something that the company is working constantly to enhance. In this context, providing sustainability information is as significant as engaging in a constructive dialogue on the future viability of the international capital markets with both customers and the general public.
- **Leading by example.** As a listed service provider, Deutsche Börse Group aims to ensure that its own business activities are conducted responsibly and with a view to the future. In addition, the Group pursues a sustainable human resources policy and is committed to the environment and hence to conserving resources. It enhances its commitment to sustainability and related reporting on an ongoing basis in order to establish itself as a long-term role model on the market.
- **Increasing public awareness.** The Group is part of civil society and as such has a responsibility towards it. It is committed to fulfilling this role both in Germany and in its international locations. It systematically bases its actions on local requirements and, as a good corporate citizen, takes part in long-term cooperative initiatives aimed at strengthening structures in the non-profit sector.

Deutsche Börse Group established a Group Sustainability Board to develop the Group-wide sustainability strategy, and to advise the Executive Board on sustainability issues. The Board convenes twice a year; its 16 members comprise three representatives each of the five reporting segments, plus the Head of Group Sustainability. First successes are already evident: by incorporating performance indicators into the disclosure of its sustainability efforts, Deutsche Börse Group improved the presentation of its value creation chain, thus linking these indicators more clearly to its core business.

Internal management

Management systems

Deutsche Börse Group's internal management system is based on key performance indicators taken from the consolidated income statement (net revenue, operating costs excluding depreciation, amortisation and impairment losses, EBITDA, the Group's net profit for the period attributable to Deutsche Börse AG shareholders) and the balance sheet (cash flows from operating activities, liquidity, equity less intangible assets). Additionally, the system includes key performance indicators that are derived from the adjusted consolidated income statement and the balance sheet (interest coverage ratio, interest-bearing gross debt / EBITDA and return on shareholders' equity).

Net revenue is composed of sales revenue plus net interest income from banking business and from other operating income, less volume-related costs. Sales revenue from external customers is generally dependent on the growth factors described above (the performance of the financial markets, regulatory and structural changes, and the Group's innovative strength). Net interest income from banking business is dependent on how Clearstream's international settlement business performs, on the one hand, and on developments of short-term interest rates, particularly in the USA and in the eurozone, on the other. In addition to income from the Clearstream segment, net interest income has also included interest income and expenses in the Eurex segment. This income is generated by the Group's clearing houses from investing their clients' cash collateral. Other operating income results from exchange rate differences, among other things.

Volume-related costs normally correlate with business development in the relevant business areas, such as fees and commissions from banking business or the cost of purchasing price data. In addition, various licence fees (e.g. for index licences) contribute to volume-related costs.

To facilitate transparency in reporting costs and results and to increase comparability with competitors, Deutsche Börse Group has been separately disclosing operating costs as well as depreciation, amortisation and impairment losses since the second quarter of 2017, introducing earnings before interest, tax, depreciation and amortisation (EBITDA) as an additional parameter. Consequently, operating costs include staff costs as well as other operating expenses, but exclude depreciation, amortisation and impairment losses. Staff costs consist of wages and salaries, social security contributions and the cost of retirement benefits. They are subject to inflation adjustments and depend partially on the company's performance, as they also include a variable remuneration. Other operating expenses mainly comprise the costs of developing and operating the Group's technological infrastructure, office infrastructure costs and marketing costs. Depreciation, amortisation and impairment losses include depreciation and amortisation of, and impairment losses on, intangible assets and property, plant and equipment.

Around 80 per cent of Deutsche Börse Group's costs are fixed costs (unadjusted). As a result, the Group can handle higher volumes of business without a significant increase in costs. Conversely, a decline in business volumes has a direct impact on the Group's profitability. Approximately 20 per cent of the Group's costs are volume-related costs.

Deutsche Börse Group manages its EBITDA using net revenue and operating costs. At Group level, the net profit for the period attributable to Deutsche Börse AG shareholders also serves as a performance indicator for internal management.

The balance sheet key performance indicators include cash flows from operating activities, a predefined liquidity target and equity less intangible assets. Liquidity planning aims at maintaining enough liquidity to meet operating costs for one quarter (currently between €150 million and €250 million). There is no set target for the Group's management of its equity less intangible assets KPI; rather, the objective is to maintain a positive figure.

The interest coverage ratio is the ratio of EBITDA to the interest expense from financing activities. As part of its capital management programme, the Group aims to achieve an interest coverage ratio of at least 16 for Deutsche Börse Group. In addition, the goal is to achieve a maximum ratio of interest-bearing gross debt to EBITDA of 1.5 at Group level. The latter performance indicator is particularly important at present in protecting the Group's current AA rating. The goal of the Clearstream subgroup is to maintain an interest coverage ratio of 25 and to comply with other capital adequacy measures to protect its current AA rating. Because Clearstream had no financial liabilities from non-banking business in either the reporting period or the previous year, no interest coverage ratio had to be calculated for the subgroup.

Group projects are prioritised and steered using strategic and financial criteria, taking project-specific risks into account. The main criterion used to assess the strategic attractiveness of projects is their (expected) contribution to the strategic objectives for Deutsche Börse Group and its business areas. The main financial criteria are key performance indicators such as net present value (NPV), the payback period and the return after tax, which are calculated on the basis of the project or business plans. Risks are monitored at all levels of project work, i.e. both when prioritising and steering projects and during ongoing project management.

Further information on the Group's financial position is presented in the [📄 "Financial position" section](#) of this combined management report.

Internal control system as part of the financial reporting process

Deutsche Börse has established a Group-wide internal control system (ICS). The ICS comprises rules to manage the company's activities as well as guidelines defining how compliance with these rules is monitored. Monitoring tasks are implemented through process-integrated measures (such as organisational safeguards and controls) as well as through process-independent measures. All business divisions are responsible that Group-wide ICS requirements are met in their respective areas of responsibility.

The purpose of the accounting-related ICS is to ensure orderly accounting practices. The central Financial Accounting and Controlling (FA&C) division is primarily responsible for preparing the accounts at Deutsche Börse AG and its consolidated subsidiaries. FA&C is supported in this task by decentralised units, which have to comply with the standards set by FA&C. Group Tax is responsible for determining tax items within the scope of the accounting; the relevant department heads are responsible for the related processes, including effective security and control measures. The goal is to ensure that risks in the accounting process are identified early on so that remedial action can be taken in good time.

In order to maintain consistent and continuous accounting processes, FA&C provides regularly updated accounting manuals as well as guidelines and work instructions for the material accounting processes – as part of the preparation of the annual financial statements and consolidated financial statements of Deutsche Börse AG. All FA&C employees have access to this documentation, accounting manuals and account allocation guidelines, allowing them to obtain information on the management judgements and accounting options exercised by Deutsche Börse Group.

Moreover, Deutsche Börse Group continuously monitors and analyses changes in the accounting environment and adjusts its processes in line with them. This applies in particular to national and international accounting standards.

Another key feature of the ICS is the principle of the separation of functions: tasks and responsibilities are clearly defined and allocated within the organisation. Incompatible tasks – such as modifying master data on the one hand and issuing payment instructions on the other – are strictly segregated at a functional level. An independent control unit grants individual employees access rights to the accounting system and monitors these permissions continuously using a so-called incompatibility matrix. Transactions are initially recorded in the general ledger or the appropriate subledgers on the basis of the chart of accounts and the account allocation guidelines. The principle of dual control applies to all closing entries made and to preparation of the consolidated financial statements.

Major Deutsche Börse Group subsidiaries maintain and consolidate their general ledgers in the same system. Accounting data from the other companies is uploaded for inclusion in the consolidated financial statements. Liabilities, expenses and income for individual transactions are recorded in separate accounts under the name of the counterparty concerned. Any consolidation differences are reviewed centrally and sent to the accounting departments of the companies concerned for clarification.

The processes, systems and controls described above aim to provide reasonable assurance that the accounting system complies with the applicable principles and laws. In addition, Compliance and Internal Audit act as a further line of defence, performing risk-based, process-independent controls on whether the ICS is appropriate and effective. The Executive Board and the Audit Committee established by the Supervisory Board receive regular reports on the effectiveness of the ICS with respect to the financial reporting process.

Research and development activities

As a service provider, Deutsche Börse Group does not engage in research and development activities comparable to those of manufacturing companies. As a result, this combined management report does not contain a detailed research and development report. However, Deutsche Börse does develop and operate its own trading and clearing systems as well as system solutions designed to achieve its structural growth objectives. The company works constantly to maintain and enhance the technological leadership and stability of its electronic systems in the interests of its customers and the systemic stability of the financial markets. To this end, Deutsche Börse has significantly overhauled its trading and clearing technology, which go by the trade names T7[®] and C7[®]. The new T7 trading technology was rolled out in the cash market during the year under review. Other technically challenging projects include implementing the European Central Bank's plans to create a uniform, pan-European securities settlement platform (TARGET2-Securities) and the implementation of the increasing reporting obligations according to EMIR and MiFID II.

In 2017, research and development expenses amounted to €154.4 million (2016: €171.0 million); of this figure, approximately 56 per cent (2016: 52 per cent) was attributable to development costs that were capitalised as internally developed software. In addition, €72.3 million of capitalised development costs were amortised in 2017. This means that research and development costs amounted to 6 per cent of net revenue (2016: 7 per cent). In the Eurex and Clearstream segments, which mainly invest in systems upgrades, research and development costs amounted to 6 per cent and 7 per cent of net revenue, respectively. Details can be found in [note 7 to the consolidated financial statements](#).

Further details of product and services development activities can be found in the [report on opportunities](#) and the [report on expected developments](#).

Takeover-related disclosures

Disclosures in accordance with sections 289a (1) and 315a (1) of the HGB

In accordance with sections 289a (1) and 315a (1) of the Handelsgesetzbuch (HGB, German Commercial Code), Deutsche Börse AG hereby makes the following disclosures as at 31 December 2017:

The share capital of Deutsche Börse AG amounted to €193.0 million on the above-mentioned reporting date and was composed of 193 million no-par value registered shares. There are no other classes of shares besides these ordinary shares.

The share capital has been contingently increased by up to €19.3 million by issuing up to 19.3 million no-par value registered shares (contingent capital 2014). The contingent capital increase will be implemented only to the extent that holders of convertible bonds or warrants attaching to bonds with warrants issued by the company or a Group company in the period until 14 May 2019 on the basis of the authorisation granted to the Executive Board in accordance with the resolution of the Annual General Meeting on 15 May 2014 on item 5 (a) of the agenda exercise their conversion or option rights, that they meet their conversion or option obligations, or that shares are tendered, and no other means are used to settle such rights or obligations. More details can be found in Article 4 (7) of the Articles of Association of Deutsche Börse AG.

The Executive Board is only aware of limitations to voting rights that result from the Aktiengesetz (AktG, German Stock Corporation Act), according to which voting rights arising from shares affected by section 136 of the AktG may not be exercised. Furthermore, shares held by Deutsche Börse AG as treasury shares are exempted from the exercise of any rights according to section 71b of the AktG.

Under the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), any investor whose shareholding reaches, exceeds or falls below specified voting right thresholds as a result of purchase, sale or any other transaction is required to notify the company and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority). The lowest threshold for this disclosure requirement is 3 per cent. Deutsche Börse AG is not aware of any direct or indirect equity interests in its capital exceeding 10 per cent of the voting rights.

There are no shares with special rights granting the holder supervisory powers.

Employees holding shares in Deutsche Börse AG exercise their rights in the same way as other shareholders in accordance with the statutory provisions and the Articles of Association.

Members of the Executive Board are appointed and dismissed in accordance with sections 84 and 85 of the AktG and with Article 6 of the Articles of Association of Deutsche Börse AG. Amendments to the Articles of Association of Deutsche Börse AG are adopted by resolution of the Annual General Meeting in accordance with section 119 (1) No. 5 of the AktG. Under Article 12 (4) of the Articles of Association of Deutsche Börse AG, the Supervisory Board has the power to make changes to the Articles of Association that relate to the wording only. In accordance with Article 18 (1) of the Articles of Association of Deutsche Börse AG, resolutions of the Annual General Meeting are passed by a simple majority of the votes cast, unless otherwise mandated by the AktG. Insofar as the AktG additionally prescribes a majority of the share capital represented at the time of a resolution, a simple majority of the share capital represented is sufficient where this is legally permissible.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to increase the share capital by up to a total of €13.3 million on one or more occasions in the period up to 10 May 2021 by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions (authorised capital I). Shareholders must be granted pre-emptive rights. However, subject to the approval of the Supervisory Board, the Executive Board may exclude shareholders' pre-emptive rights with respect to fractional amounts. However, according to the authorisation, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares that are issued during the term of the authorisation and that exclude shareholders' pre-emptive rights does not exceed 20 per cent of the share capital. Full authorisation, and particularly the conditions under which shareholders' pre-emptive rights can be excluded, is derived from Article 4 (3) of the Articles of Association of Deutsche Börse AG.

The Executive Board is also authorised to increase the share capital by up to a total of €19.3 million on one or more occasions in the period up to 12 May 2020, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions (authorised capital II). Shareholders must be granted pre-emptive rights, which the Executive Board can disapply in certain cases, subject to the approval of the Supervisory Board in each case. The Executive Board is authorised to exclude shareholders' pre-emptive rights: (i) in the case of cash capital increases, provided that the issue price of the new shares is not significantly lower than the prevailing exchange price, and the total number of shares issued under exclusion of shareholders' pre-emptive rights does not exceed 10 per cent of the share capital; (ii) in the case of physical capital increases in exchange for non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets; or (iii) with respect to fractional amounts. However, according to the authorisation, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares that are issued during the term of authorisation and that exclude shareholders' pre-emptive rights does not exceed 20 per cent of the share capital. The full authorisation, and particularly the conditions under which shareholders' pre-emptive rights can be disapplied, is derived from Article 4 (4) of the Articles of Association of Deutsche Börse AG.

In addition, the Executive Board is authorised to increase the share capital by up to a total of €38.6 million on one or more occasions in the period up to 12 May 2020, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash contributions (authorised capital III). Shareholders must be granted pre-emptive rights, which the Executive Board can exclude, subject to the approval of the Supervisory Board, only for fractional amounts. However, according to the authorisation, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares that are issued during the term of authorisation and that exclude shareholders' pre-emptive rights does not exceed 20 per cent of the share capital. The exact content of this authorisation is derived from Article 4 (5) of the Articles of Association of Deutsche Börse AG.

Furthermore, the Executive Board is authorised to increase the share capital by up to a total of €6.0 million on one or more occasions in the period up to 16 May 2022, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions (authorised capital IV). Shareholders must be granted pre-emptive rights unless the Executive Board makes use of the authorisation granted to it to disapply such rights, subject to the approval of the Supervisory Board. The Executive Board is authorised to disapply shareholders' pre-emptive rights for fractional amounts with the approval of the Supervisory Board. However, according to the authorisation, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares that are issued during the term of the authorisation and that exclude shareholders' pre-emptive rights does not exceed 20 per cent of the share capital. Full authorisation is derived from Article 4 (6) of the Articles of Association of Deutsche Börse AG.

The Executive Board is authorised to acquire treasury shares amounting to up to 10 per cent of the share capital. However, the acquired shares, together with any treasury shares acquired for other reasons that are held by the company or attributed to it in accordance with sections 71a ff. of the AktG, may at no time exceed 10 per cent of the company's share capital. The authorisation to acquire treasury shares is valid until 16 May 2019 and may be exercised by the company in full or in part on one or more occasions. However, it may also be exercised by dependent companies, by companies in which Deutsche Börse AG holds a majority interest or by third parties on its or their behalf. The Executive Board may elect to acquire the shares (1) on the stock exchange, (2) via a public tender offer addressed to all shareholders or via a public request for offers of sale addressed to the company's shareholders, (3) by issuing tender rights to shareholders or (4) using derivatives (put options, call options, forward purchases or a combination of put options, call options and forward purchases). The full and exact wording of the authorisation to acquire treasury shares, and particularly the permissible uses to which the shares may be put, can be found in items 5 and 6 of the agenda for the Annual General Meeting held on 17 May 2017.

The following material agreements of the company are subject to a change of control following a takeover bid:

- On 28 March 2017, Deutsche Börse AG and its subsidiary Clearstream Banking S.A. entered into a multicurrency revolving facility agreement with a banking syndicate for a working capital credit totalling up to €750 million. If there is a change of control, the credit relationship between Deutsche Börse AG and the lenders can be reviewed in negotiations within a period of no more than 60 days. In this process, each lender has the right, at its own discretion, to terminate its credit commitment and demand partial or full repayment of the amounts owing to it. A change of control occurs if Deutsche Börse AG no longer directly or indirectly holds the majority of Clearstream Banking S.A. or if a person or a group of persons acting in concert acquires more than 50 per cent of the voting shares of Deutsche Börse AG.

- Under the terms of Deutsche Börse AG's €600.0 million fixed-rate bond issue 2015/2041 (hybrid bond), Deutsche Börse AG has a termination right in the event of a change of control which, if exercised, entitles Deutsche Börse AG to redeem the bonds at par, plus accrued interest. If Deutsche Börse AG does not exercise this termination right, the affected bonds' coupon will increase by 5 percentage points. A change of control occurs if a person or a group of persons acting in concert, or third parties acting on their behalf, has or have acquired more than 50 per cent of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent of the voting rights at Annual General Meetings of Deutsche Börse AG. In addition, the relevant bond terms require that the change of control must adversely affect the long-term rating given to Deutsche Börse AG by Moody's Investors Services, Inc., Standard & Poor's Rating Services or Fitch Ratings Limited. Further details can be found in the applicable bond terms.
- The terms of the €500.0 million fixed-rate bonds 2015/2025, the €600.0 million fixed-rate bonds 2013/2018, and the €600.0 million fixed-rate bonds 2012/2022, which were all issued by Deutsche Börse AG, all provide Deutsche Börse AG with a termination right in the event of a change of control. If these cancellation rights are exercised, the bonds are repayable at par plus any accrued interest. A change of control occurs if a person or a group of persons acting in concert, or third parties acting on their behalf, has or have acquired more than 50 per cent of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent of the voting rights at Annual General Meetings of Deutsche Börse AG. In addition, the respective sets of bond terms require that the change of control must adversely affect the rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's Investors Services, Inc., Standard & Poor's Rating Services or Fitch Ratings Limited. Further details can be found in the applicable bond terms.
- Under certain conditions, members of Deutsche Börse AG's Executive Board have a special right to terminate their contracts of service in the event of a change of control. According to the agreements made with all Executive Board members, a change of control occurs if (i) a shareholder or third party discloses possession of more than 50 per cent of the voting rights in Deutsche Börse AG in accordance with sections 33 and 34 of the WpHG (sections 21 and 22 of the WpHG (previous version)), (ii) an intercompany agreement in accordance with section 291 of the AktG is entered into with Deutsche Börse AG as a dependent company, or Deutsche Börse AG is absorbed in accordance with section 319 of the AktG or (iii) Deutsche Börse AG is merged in accordance with section 2 of the Umwandlungsgesetz (UmwG, German Reorganisation and Transformation Act).

Moreover, agreements for compensation in the case of a change of control have been entered into with the members of the Executive Board. A description of these agreements, which are in line with customary national and international practice, can also be found in the [remuneration report](#).

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