



## Report of the Supervisory Board

In the year under review, the Supervisory Board held in-depth discussions on the position and prospects of the Company and performed its duties in accordance with the law and the Articles of Association. It regularly advised the Executive Board on the management of the Company and monitored its work, and was involved in all key decisions. Where required by law, the Articles of Association or the bylaws, the Supervisory Board adopted resolutions following thorough examination.

The Supervisory Board held a total of eight meetings, three of which were extraordinary. In addition, two strategy workshops were held. At the Supervisory Board meetings, the Executive Board provided detailed and timely information, both verbally and in writing, in line with the legal requirements on the course of business, the position of the Company and the Group (including the risk situation and risk management), as well as on the Company's strategy and planning.

The Supervisory Board discussed in detail all transactions significant for the Company in the plenary meetings and in the Supervisory Board committees, based on the reports of the Executive Board. The high frequency of both plenary and committee meetings facilitated intensive dialogue between the Executive Board and the Supervisory Board. Individual issues were also addressed between meetings, both in written reports by the Executive Board and verbally. In addition, the Chairman of the Executive Board continually informed the Chairman of the Supervisory Board of current developments in the Company's business, significant transactions, upcoming decisions as well as long-term perspectives and considerations on potential developments, and discussed these matters with him. All members of the Supervisory Board attended at least half of the meetings of the Supervisory Board in 2010. The average participation rate was 90 percent.

The Executive Board properly submitted all measures requiring the Supervisory Board's approval to the Supervisory Board, and the Supervisory Board approved these measures. The Supervisory Board also verified that the Executive Board's actions were lawful.

## Focus of the work of the Supervisory Board

At the Supervisory Board meetings, the Supervisory Board was continually informed of current developments and initiatives by the CEO's reports as well as by the Executive Board members responsible for the different business areas. Projects relevant to the Company as well as market developments and regulatory changes were discussed. Efficiency and cost reduction initiatives ("Excellence" programme) were a particular focal point in the year under review.

The Supervisory Board was regularly informed about Deutsche Börse AG's share price performance, including the performance relative to its competitors. Moreover, the Executive Board reported on the business performance, financial position and results of operations of Deutsche Börse Group and its subsidiaries, especially the International Securities Exchange (ISE). The Supervisory Board also discussed Deutsche Börse Group's growth strategy and strategic developments. The shared objective of both Executive Board and Supervisory Board is still to utilise all opportunities to achieve profitable organic growth without excluding acquisitions and other consolidation options.

In addition, the Supervisory Board addressed in detail the legal framework for improving the stability and security of the financial markets in the European Union. This includes

in particular the European Market Infrastructure Regulation (EMIR), which will regulate off-exchange (over-the-counter, OTC) derivatives markets, the review of the Markets in Financial Instruments Directive (MiFID) and the reform of European financial supervision. In addition, the Supervisory Board discussed the ban on short selling at national level, taxes on financial transactions and the stricter capital requirements (Basel III).

The Supervisory Board also focused in particular on the following issues at its meetings and strategy workshops during the reporting period:

At its first regular meeting of the reporting period, which took place on 16 February 2010, the Supervisory Board held in-depth discussions on the programmes initiated by the Executive Board to reduce costs and increase efficiency (Excellence project and optimisation of management structure) and backed the immediate implementation of these programmes. Furthermore, the Supervisory Board resolved the declaration on corporate governance including the corporate governance report. It also discussed in detail the remuneration report and the presentation of the new remuneration system for the Executive Board of Deutsche Börse AG and resolved the amount of the variable remuneration of the Executive Board for financial year 2009.

At the Supervisory Board meeting convened on 23 March 2010 to adopt the financial statements, which was attended by the auditors, the Supervisory Board discussed in detail the Company's 2009 annual financial statements and the consolidated financial statements, as well as the respective management reports. The 2009 annual financial statements and consolidated financial statements were approved, thus following the recommendation of the Audit and Finance Committee, which had conducted an in-depth examination of the documents. In addition, after in-depth

discussions, the Supervisory Board resolved the revised and enhanced remuneration system for the Executive Board of Deutsche Börse AG retrospectively as at 1 January 2010, as well as the target remuneration of the Executive Board for 2010. The expansion of the central counterparty for the OTC credit derivatives market (OTC CCP project), the adoption of the agenda for the 2010 Annual General Meeting and the Report of the Supervisory Board 2009 were also key topics of discussion. Furthermore, changes to the composition of the Clearing and Settlement Committee and the Technology Committee were resolved.

In its first strategy workshop on 11 May 2010, the Supervisory Board was informed about organic growth options and other development opportunities. The intense competitive situation and, in this context, the growth options for the cash market at both European and international level, in particular the current product offering on Deutsche Börse's trading platforms (trading of DAX® and mid-cap shares, structured products and exchange-traded funds) and OTC trading, were the main topics of discussion.

Directly before the Annual General Meeting, in an extraordinary meeting on 27 May 2010, the Supervisory Board reappointed Jeffrey Tessler as a member of the Executive Board for a period of five years with effect from 1 January 2011. In addition, the Supervisory Board was informed on the impending Annual General Meeting and resolved an amendment to the proposed resolution on item 2 of the agenda (appropriation of the unappropriated surplus). The slight adjustment to the proposal on the appropriation of the unappropriated surplus was necessary due to a marginal change in the number of the Company's own shares after publication of the notice convening the Annual General Meeting.

The meeting on 14 June 2010 focused on the increase in the 2010 budget as a result of the restructuring costs incurred for implementing the "Excellence" programme, optimising the management structure and acquiring further shares in STOXX Ltd. Following in-depth discussions, the Supervisory Board adopted the required resolutions. Moreover, the Supervisory Board dealt with the capital reserves with regard to the capital optimisation of Deutsche Börse Group. At its extraordinary meeting on the same day, the Supervisory Board received a detailed status report on the International Securities Exchange (ISE).

At the regular meeting on 21 September 2010, the Supervisory Board dealt with strategic initiatives in the Clearstream business area and the Xetra segment, and discussed in detail Deutsche Börse Group's "New Landscape" strategy until 2013, which was presented by the Executive Board. "New Landscape" describes the changed capital market environment as a result of the financial crisis and the opportunities this brings for Deutsche Börse Group. In addition, the Supervisory Board addressed the Executive Board's merger and acquisition (M&A) activities. The Supervisory Board was also informed by the Executive Board about the risk management system and discussed it. Other agenda items included preparation for the Supervisory Board's annual efficiency audit.

In its second strategy workshop on 5 October 2010, the Supervisory Board dealt in detail with the global market environment and Eurex's future business fields. The Supervisory Board was informed about the successful enhancement of the business model, in particular in the core business areas of sales, clearing and technology, and about new products and services.

At the regular meeting on 10 December 2010, the Supervisory Board adopted the budget for financial year 2011. In addition, it was informed about the current status of the “Excellence” programme. Following detailed discussions, the Supervisory Board approved the proposal for Deutsche Börse AG to transfer its shares in Clearstream International S.A. to Clearstream Holding AG at the carrying amount for tax purposes in exchange for shares granted in Clearstream Holding AG. It discussed the dividend considerations for 2010. Furthermore, the Supervisory Board decided to settle in cash entitlements under the Stock Bonus Plan (SBP) from the SBP tranche 2008 for all members of Deutsche Börse AG’s Executive Board. Other agenda items included measures for implementing the latest changes to the German Corporate Governance Code, in particular establishing concrete aims for the composition of the Supervisory Board, the adoption of the declaration of conformity for 2010, the presentation of the results of the annual efficiency audit and the decision on measures to further improve the work of the Supervisory Board based on results of the efficiency audit. At the extraordinary meeting that took place on the same day, the Supervisory Board discussed the non-cash impairment charge on intangible assets relating to ISE and the extent to which ISE’s new trading platform has been implemented. This trading platform is designed to serve as a basis for developing a standard platform for Deutsche Börse Group’s trading systems.

## Work of the committees

The Supervisory Board has a total of six committees, which are responsible for preparing the decisions and topics to be discussed in the plenary meetings. Additionally, the Supervisory Board has delegated individual decision-making powers to the committees, to the extent that this is legally permissible. Each of the committee chairs provided detailed

reports of committee work at the meetings of the Supervisory Board. The composition and exact working methods of the individual committees can be found in the declaration on corporate governance in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code) on pages 48 to 49 of this Annual Report. The Chairman of the Supervisory Board chairs the Personnel Committee, the Nomination Committee and the Strategy Committee.

The **Personnel Committee** met seven times during the year under review. Following in-depth discussions, the concept of the new remuneration system for the Executive Board was revised during several meetings, and the Supervisory Board was advised to approve it along with the recommended structure and amount of the 2010 target remuneration at the meeting in March 2010. At the beginning of the year, the amount of the Executive Board’s variable remuneration for 2009 as well as the recommended structure and amount of the 2010 target remuneration was discussed in detail in the context of the new remuneration system for the Executive Board. In addition, the Personnel Committee approved the reappointment of Jeffrey Tessler as a member of the Executive Board of Deutsche Börse AG. Moreover, the Committee discussed and resolved rules governing the extent to which expenses of Deutsche Börse AG’s Executive Board can be reimbursed. The Committee also dealt in detail with changes to the German Corporate Governance Code in 2010, in particular with the support provided by the Company in the form of training and continuing education measures for members of the Supervisory Board, and the requirements profile for the composition of the Supervisory Board. Diversity was a key topic of discussion, in particular the appropriate consideration of women, the international composition of the

Supervisory Board and the reflection of diversity in the composition of Deutsche Börse AG's Executive Board and other management positions in Deutsche Börse Group. The Personnel Committee agreed with the Nomination Committee's recommendation to advise the Supervisory Board to adopt a requirements profile for its composition. In its last meetings of 2010, the Committee elaborated on suggestions for establishing targets for the members of the Executive Board for 2011 to be submitted to the Supervisory Board for resolution, reviewed the amount of the Executive Board remuneration and its components as well as the pensionable income, and as a result recommended to leave these figures unchanged for 2011. In addition, it stipulated that target net income is one of the important criteria for calculating the variable cash component of the Executive Board to be submitted to the Supervisory Board for resolution and approved the individual targets for the Executive Board.

The **Strategy Committee** held four meetings during the period under review. The Committee considered in detail the status of strategic projects and discussed possible growth initiatives in this context. The consultations focused on the discussion of strategic Clearstream and ISE initiatives, and the medium-term and long-term planning of strategic ventures, with emphasis on the planned regulatory changes due to the financial market crisis and opportunities arising from it.

The **Audit and Finance Committee** met eight times in the period under review. It discussed the annual and consolidated financial statements, including the respective management reports, and the audit report for financial year 2009 in a meeting at which the auditors were present. It also addressed the interim reports for the first and third quarters and the half-yearly financial report for the first half of 2010. It obtained the necessary statement of independence from

the auditors, prepared the Supervisory Board's proposal to the Annual General Meeting in May 2010 for the election of the auditors and agreed on the audit fee. The auditors supported the Audit and Finance Committee in all material questions relating to accounting and regular monitoring activities. Other important topics included Deutsche Börse Group's risk management, the further development of the compliance system and the compliance reports, reports on the internal control system and the internal audit report. The members of the Committee were informed about these topics throughout the entire reporting period and discussed them in detail, including methods and systems applied as well as their efficiency and adequacy. Further topics of discussion for the Committee were reports on the financial status of ISE and the progress of Deutsche Börse Group's efficiency and cost reduction programmes. Furthermore, the areas of emphasis of the audit were established for 2010 and changes in the German Corporate Governance Code and the declaration of conformity were discussed in detail. At its last meeting of the reporting period, the Committee dealt with the budget for 2011, the contribution of shares in Clearstream International S.A. by Deutsche Börse AG to Clearstream Holding AG at the carrying amount for tax purposes and the dividend considerations for financial year 2010.

The **Technology Committee** held four meetings in the period under review, at which it dealt with the further development of the Xetra® and Eurex® trading systems in relation to the roll-out of new releases in 2010. In addition, the Technology Committee was informed in detail on the IT strategies and releases in the Clearstream segment and at Eurex Clearing AG. The Committee tracked the OptimISE project for developing a new trading platform

for ISE. The Committee also assessed the relevant developments in the IT market and addressed the Group's IT architecture. At the last meeting of the year under review, it discussed in detail the 2011 IT project budget for Deutsche Börse Group.

The **Clearing and Settlement Committee** discussed Deutsche Börse Group's clearing and post-trading strategy in two meetings in the year under review. The Committee was informed in detail on the "Clearstream 2013" global strategy and the individual projects associated with it. Furthermore, the Committee addressed the assessment of regulatory developments and how they impact Clearstream and the clearing business in great detail. The meeting also focused on project reports from the clearing area, in particular OTC CCP, XIM (Xetra International Market), client asset protection (measures to protect pass-through client collateral) and multiple clearing connections.

The **Nomination Committee** discussed important changes to the German Corporate Governance Code in two meetings during the year under review. The focus of the advisory activities was the preparation of a requirements profile for the composition of the Supervisory Board. The current composition of the Supervisory Board and the succession planning for the Supervisory Board's shareholder representatives were also discussed.

## Corporate governance and declaration of conformity

The new recommendations of the German Corporate Governance Code as well as their possible implementation were discussed in meetings by the Supervisory Board, the Personnel Committee, the Nomination Committee and the Finance and Audit Committee. In-depth discussions were held on the recommendations that deal with concrete aims for the composition of the Supervisory Board, in

particular in relation to the appropriate consideration of women. Furthermore, the amended recommendation in the Code on the maximum number of mandates that may be exercised at the same time was implemented by a change to the bylaws.

The annual declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) is publicly available on the Company's website at [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Investor Relations > Corporate Governance > Declaration of Conformity. In the declaration of conformity, the Company comments not only on the recommendations, but also on the suggestions of the German Corporate Governance Code. The declaration on the suggestions of the Code is made on a voluntary basis. More information on corporate governance at Deutsche Börse Group can be found in the corporate governance report adopted jointly by the Executive Board and Supervisory Board on pages 50 to 69 and the declaration on corporate governance in accordance with section 289a of the HGB on pages 42 to 49.

## Audit of the annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, registered in Berlin, (KPMG) audited the annual financial statements of Deutsche Börse AG and the consolidated financial statements, as well as the accompanying management reports for the financial year ended 31 December 2010, together with the bookkeeping system, and issued an unqualified audit opinion. The condensed financial statements and interim management report as part of the half-yearly financial report for the first six months of 2010 were also reviewed by KPMG.



The documents relating to the financial statements and the reports by KPMG were presented to the members of the Supervisory Board for examination in a timely manner. The auditors attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board convened to adopt the financial statements. The auditors reported on the key results of the audit, elaborated in particular on the net assets, financial position and results of operations of the Company and Group, and was available to provide supplementary information. The auditors also reported that no significant weaknesses in the control and risk management systems relevant for the financial reporting process were found. This also applied to the suitability of the risk early warning system and to Compliance and Internal Auditing. There were no objections in particular to the areas of emphasis of the audit such as provisions for restructuring measures and the relocation project to and within Eschborn. KPMG informed the Supervisory Board on other services that were provided in addition to audit services. There were no grounds for impairment of the auditor's independence.

The Audit and Finance Committee discussed the financial statement documents and the reports by KPMG in detail with the auditors and examined them carefully. It is satisfied that the reports meet the statutory requirements under sections 317 and 321 of the HGB in particular. The Committee reported to the Supervisory Board on its examination and recommended that it approve the annual financial statements and consolidated financial statements.

Based on its own examination of the annual financial statements, the consolidated financial statements, the management report and the Group management report, the Supervisory Board concurred with the results of the audit performed by the auditors. The final results of the auditors' examination did not lead to any objections. The Supervisory Board approved the annual financial statements prepared by the Executive Board and the consolidated financial statements at its meeting on 17 March 2011 in line with the Audit and Finance Committee's recommendation. The annual financial statements of Deutsche Börse AG are thereby adopted. The Audit and Finance Committee discussed the Executive Board's proposal for the appropriation of the unappropriated surplus in detail with the Executive Board, in particular in view of the Company's liquidity and financial planning as well as taking into account shareholders' interests. Following this discussion and its own examination, the Audit and Finance Committee approved the Executive Board's proposal for the appropriation of the unappropriated surplus. After its own examination, the Supervisory Board also approved the Executive Board's proposal for the appropriation of the unappropriated surplus.

## Personnel

The following changes took place in the composition of two committees of the Supervisory Board in the period under review:

- Due to the risk of conflicts of interest, Richard Berliand and Hermann-Josef Lamberti resigned their positions as members of the Clearing and Settlement Committee effective 25 and 30 March 2010, respectively. At the same time, Hermann-Josef Lamberti resigned his position as Committee Chairman.
- Dr Konrad Hummler took over the position of Chairman of the Clearing and Settlement Committee effective 31 March 2010.

- Dr Joachim Faber and Thomas Neißé were appointed as new members of the Clearing and Settlement Committee effective 23 March 2010.
- Dr Joachim Faber resigned his position in the Technology Committee effective 31 March 2010.
- Richard Berliand was appointed as a new member of the Technology Committee effective 23 March 2010.

The resolutions required for each of the changes in the composition of the committees were adopted by the Supervisory Board during its meeting on 23 March 2010.

The following reappointment to the Executive Board was made in the period under review: Jeffrey Tessler was reappointed for a period of five years by way of a Supervisory Board resolution dated 27 May 2010 with effect from 1 January 2011. His term of office will end on 31 December 2015.

### Management of individual conflicts of interest

In addition to their positions in the Clearing and Settlement Committee, Hermann-Josef Lamberti was simultaneously a member of the Management Board of Deutsche Bank AG and Richard Berliand was simultaneously a Managing Director at J.P. Morgan Securities Ltd. and J.P. Morgan Futures Inc. in the reporting period. Both Deutsche Bank

and J.P. Morgan represent their own positions with respect to the clearing of credit derivatives via a central counterparty. This resulted in the risk of inherent conflicts of interest. Therefore, both of these members resigned from their positions on the Clearing and Settlement Committee in March 2010 by mutual consent. There was no need for additional measures.

The Supervisory Board would like to thank the members mentioned for their strong commitment and the further development of Deutsche Börse AG as well as Deutsche Börse Group as a whole. They contributed much to committee work and took on new responsibilities. The Supervisory Board would like to thank the Executive Board, as well as all employees and the employee representatives, for their commitment and excellent work in an increasingly globalised market environment.

Frankfurt/Main, 17 March 2011  
On behalf of the Supervisory Board:



Dr Manfred Gentz  
Chairman of the Supervisory Board