

Report of the Supervisory Board



Joachim Faber
Chairman 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. We regularly advised the Executive Board on the management of the company and monitored its work. We were involved in all key decisions. Where required by law, the Articles of Association or the bylaws, we adopted resolutions following thorough examination.

We held a total of eight meetings, including one extraordinary meeting and one constituent meeting. In addition, two preparatory workshops and two strategy workshops were held. At the strategy workshops, which were held in April and November 2012, we addressed Deutsche Börse Group's growth strategies in detail. The two preparatory workshops were held before the meeting convened to adopt the financial statements on 19 March and the meeting convened to adopt the budget on 10 December 2012, and were used for detailed advance discussions of the agenda items for these meetings.

At our meetings, the Executive Board provided us with comprehensive 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. We discussed 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 in the form of discussions. 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 the long-term outlook and thoughts on potential developments, and discussed these matters with him. With one exception, all members of the Supervisory Board attended at least half of the meetings of the Supervisory Board held during their respective terms of office in 2012. Mr Lamberti, whose appointment ended at the end of the Annual General Meeting (AGM) on 16 May 2012, was prevented from attending over half of the meetings of the Supervisory Board held during his term of office in 2012. The average participation rate in the period under review was 91.5 per cent.

The Executive Board submitted all measures requiring Supervisory Board approval according to the law, the Articles of Association, or the bylaws to the Supervisory Board, and the Supervisory Board approved these measures. The Supervisory Board also verified that the Executive Board's actions were lawful, due and proper, and appropriate.

Focus of the work of the Supervisory Board

At the Supervisory Board meetings, we were continually informed of current developments and initiatives by reports from the CEO, the CFO and the Executive Board members responsible for the different business areas. Projects relevant to the company, market developments and regulatory changes were discussed. Our work in 2012 focused on the assessment of Deutsche Börse Group's strategic position and orientation after the planned merger with NYSE Euronext Inc. was prohibited by the European Commission. The Supervisory Board repeatedly addressed both the growth strategies of the individual business areas and Group-wide growth

strategies in detail. We also kept a close eye on regulatory developments at national and European level and discussed their potential impact on our business model. In particular, we discussed the European Market Infrastructure Regulation (EMIR), the revision of the Markets in Financial Instruments Directive (MiFID II/MiFIR), the Central Securities Depositories Regulation, the Capital Requirements Directive (CRD IV), as well as the financial transaction tax and the regulation of high-frequency trading at a national level.

We were regularly informed about Deutsche Börse AG's share price performance, including in comparison to its competitors. Moreover, the Executive Board reported on the business performance, financial position and results of operations of Deutsche Börse AG, its investees and Deutsche Börse Group as a whole.

The Supervisory Board meetings focused on the following issues during the reporting period:

At our first regular meeting of the reporting period, which took place on **13 February 2012**, we held in-depth discussions on the prohibition of the planned merger with NYSE Euronext Inc. by the European Commission and assessed Deutsche Börse Group's strategic position and future orientation. In addition, the Supervisory Board addressed the preliminary results for financial year 2011 and the dividend proposed by the Executive Board for financial year 2011. It also resolved the amount of the variable remuneration of the Executive Board for financial year 2011 following in-depth discussion. Furthermore, the Supervisory Board adopted the corporate governance declaration in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code) and the corporate governance report including the 2011 remuneration report.

At our meeting on **19 March 2012**, we discussed the company's 2011 annual financial statements and the consolidated financial statements plus the corresponding management reports; the auditors were present for this. The 2011 annual financial statements and consolidated financial statements were approved in line with the recommendation by the Audit and Finance Committee, which had previously conducted an in-depth examination of the documents. We also approved a revised version of the budget for financial year 2012 and determined the structure and amount of the remuneration of the Executive Board of Deutsche Börse AG for 2012, as well as the target criteria for the 2012 cash bonus. In addition, we approved the filing of an appeal against the European Commission's decision prohibiting the planned merger with NYSE Euronext Inc. Other key topics of the meeting included the candidates to be proposed to the Annual General Meeting for election to the Supervisory Board, the proposed candidate for the position of Chairman of the Supervisory Board, the proposal to the Annual General Meeting to amend the Supervisory Board's remuneration, and the adoption of the agenda for the Annual General Meeting 2012. The report of the Supervisory Board 2011 was also resolved.

At our extraordinary meeting on **23 April 2012**, we addressed current developments relating to the pan-European TARGET2-Securities settlement platform and its impact on business in the post-trading segment, Clearstream.

In our meeting on **16 May 2012**, which was held directly before the Annual General Meeting, the Executive Board provided us with information on the Annual General Meeting. The Executive Board also presented a status report on current developments.

The constituent meeting of the newly elected Supervisory Board was also held on **16 May 2012**, immediately following the Annual General Meeting. The Supervisory Board elected Joachim Faber as Chairman of the Supervisory Board and re-elected Gerhard Roggemann as Deputy Chairman. In addition, the Supervisory Board elected the members of the Supervisory Board committees and, where necessary, their chairpersons.

In our meeting on **11 June 2012**, we dealt in particular with Deutsche Börse Group's enterprise-wide growth strategies, Deutsche Börse AG's letter of comfort in favour of Eurex Clearing AG following the acquisition of all of the shares of Eurex Zürich AG from SIX Group AG and SIX Swiss Exchange AG, as well as the one-year extension of the consulting agreement between Deutsche Börse AG and Richard Berliand Limited.

We again discussed Deutsche Börse Group's strategy in light of regulatory developments at our ordinary meeting on **18 September 2012**. Other important topics included the appointment of Hauke Stars as Member of the Executive Board of Deutsche Börse AG and the reappointment of Reto Francioni as Chairman of the Executive Board. We also approved the issue of senior bonds by Deutsche Börse AG and adopted a policy on consulting agreements with members of the Supervisory Board.

We also addressed Deutsche Börse's corporate strategy in our meeting on **10 December 2012**, in particular the opportunities that may arise from regulatory changes. In addition, the Supervisory Board discussed the effectiveness of the risk management system and adopted the 2013 budget and the declaration of conformity in accordance with section 161 of the

Aktiengesetz (AktG, German Stock Corporation Act) for the year under review; eventually, we discussed the results of the annual efficiency audit. We also adopted a new flexible age limit for Executive Board members, which will take effect as soon as the existing flexible age limit is revoked.

Work of the committees

The Supervisory Board has a total of six committees, which are primarily 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 [corporate governance declaration](#) in accordance with section 289a of the HGB.

The Chairman of the Supervisory Board chairs the Personnel Committee, the Nomination Committee and the Strategy Committee.

The **Personnel Committee** met five times during the year under review. At the beginning of 2012, it discussed in detail the amount of the Executive Board's variable remuneration for 2011 as well as the structure and amount of the 2012 target remuneration and resolved a corresponding recommendation for the plenary session. In addition, the Committee discussed the 2011 remuneration report. In subsequent meetings, the Personnel Committee addressed the appropriateness of the Executive Board remuneration and developed a proposal for the plenary session and the Annual General Meeting to amend the Supervisory Board's remuneration. It also issued a recommendation to the Supervisory Board on the appointment of the

Executive Board member responsible for the Information Technology segment and the Market Data division. Furthermore, the Committee adopted the Executive Board members' individual targets for 2013 and addressed the review of Executive Board remuneration, the rules specifying a flexible age limit for Executive Board members and succession planning for Deutsche Börse Group's middle and upper management.

The **Strategy Committee** met four times during the year under review. At its first meeting, the Committee discussed the European Commission's merger control procedure in connection with the planned merger with NYSE Euronext Inc. In the following meetings, the Committee held in-depth discussions on the company's business performance and potential strategic courses of action at Group level, as well as its medium-term strategy planning in light of regulatory developments.

The **Audit and Finance Committee** held six meetings and one conference call in the period under review. It discussed the annual and consolidated financial statements, including the corresponding management reports, and the audit report for financial year 2011 in a meeting at the beginning of 2012; the auditors were present for this. In addition, the Audit and Finance Committee prepared the Supervisory Board's resolution on the corporate governance report for 2011, including the remuneration report and the corporate governance declaration in accordance with section 289a of the HGB, and discussed the dividend for financial year 2011. It also addressed the interim reports for the first and third quarters of 2012 and the half-yearly financial report for the first half of 2012. It obtained the necessary statement of independence from the auditors, prepared the Supervisory Board's

proposal to the Annual General Meeting in May 2012 for the election of the auditors and agreed 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 reports on risk management and on compliance, the reports on the internal control system and the internal audit report. The members of the Committee were informed about these topics – including the methods and systems applied and their efficiency and adequacy – throughout the entire reporting period and discussed them in detail. Deutsche Börse AG's letter of comfort in favour of Eurex Clearing AG was also discussed. In addition, the Committee addressed the issuance of senior bonds by Deutsche Börse AG. It also established the areas of emphasis of the audit for 2012 and discussed the declaration of conformity by the Supervisory Board for 2012. At its last meeting in the reporting period, the Committee dealt with the budget for 2013, the report on the internal auditing system, the effectiveness of the risk management as well as with risk allocation.

The **Technology Committee** met four times in the year under review. It addressed the further development of the Xetra and Eurex trading systems, as well as the Clearstream systems. The Committee also held in-depth discussions on the development of new trading systems for the cash and the derivatives markets, and for clearing and settlement. In addition, it addressed cutting-edge concepts to leverage synergy effects during software development. At the last meeting of the year under review, the Committee discussed in detail the 2013 IT project budget for Deutsche Börse Group.

The **Clearing and Settlement Committee** held two meetings in the year under review, in which it discussed Deutsche Börse Group's initiatives in the area of securities settlement. In particular, the Committee examined the Global Liquidity Hub, a platform for liquidity and risk management, TARGET2-Securities, as well as post-trade services for OTC markets. In addition, the Committee held in-depth discussions on current regulatory developments such as the European Market Infrastructure Regulation (EMIR).

The **Nomination Committee** prepared the election of shareholder representatives by the Annual General Meeting 2012 and drew up the corresponding proposed list of candidates. In addition, the Committee addressed the recommendation of the German Corporate Governance Code that the Supervisory Board's composition profile include an adequate number of independent members and prepared a corresponding recommendation to the Supervisory Board. The Committee met three times in the year under review.

Corporate governance and declaration of conformity

The recommendations and suggestions of the German Corporate Governance Code and their implementation were discussed in the meetings of the Supervisory Board and the Finance and Audit Committee. The annual declaration of conformity in accordance with section 161 of the AktG was adopted by the Supervisory Board in line with the Audit and Finance Committee's recommendation. It is publicly available on the company's website at www.deutsche-boerse.com/declconformity. Further 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 and the [☞ corporate governance declaration](#).

Audit of the annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), domiciled in Berlin, audited the annual financial statements of Deutsche Börse AG and the consolidated financial statements, as well as the combined management report for the financial year ended 31 December 2012, together with the accounting system, and issued an unqualified audit opinion. The condensed financial statements and interim management report contained in the half-yearly financial report for the first six months of 2012 were reviewed by KPMG. The documents relating to the financial statements and the reports by KPMG were submitted to the members of the Supervisory Board for examination in a timely manner. The auditor attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board to approve the annual financial statements. The auditor 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 auditor also reported that no significant weaknesses in the control and risk management systems had been found, in particular with respect to the financial reporting process, nor were any significant weaknesses relating to the recognition of sales revenue or taxes. Equally, the audit of goodwill and intangible assets, the measurement of equity investments and the capitalisation of internally developed software did not give rise to any objections. The same applied to the audit of com-

pliance with all relevant statutory provisions and regulatory requirements. KPMG provided the Supervisory Board with information on other services that were rendered in addition to audit services. There were no grounds for suspecting 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 itself. 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.

Our own examination of the annual financial statements, the consolidated financial statements and the combined management report for 2012 did not lead to any objections and we concurred with the results of the audit performed by the auditors. We approved the annual financial statements prepared by the Executive Board and the consolidated financial statements at our meeting on 13 March 2013 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 examining this ourselves, we also approved the Executive Board's proposal for the appropriation of the unappropriated surplus in a plenary meeting of the Supervisory Board.

Composition of the boards

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

- The Supervisory Board's regular term of office ended at the end of the Annual General Meeting on 16 May 2012. The shareholder representatives Manfred Gentz, Konrad Hummler and Hermann-Josef Lamberti did not stand as candidates for re-election, and their appointments as members of the Supervisory Board therefore ended at the end of the Annual General Meeting. The remaining shareholder representatives in the Supervisory Board were re-elected for another term of office. Monica Mächler, Karl-Heinz Floether and Heinz-Joachim Neubürger were elected as new members of the Supervisory Board.
- The employee representatives Birgit Bokel, Herbert Bayer, Roland Prantl and Norfried Stumpf left the Supervisory Board. Irmtraud Busch, Marion Fornoff, Jutta Stuhlfauth and Martin Ulrici were elected as new members of the Supervisory Board.
- At its constituent meeting on 16 May 2012, the Supervisory Board elected Joachim Faber as Chairman of the Supervisory Board and re-elected Gerhard Roggemann as Deputy Chairman.

The following changes to the composition of the Executive Board took place and the following reappointments were resolved in the period under review:

- Gregor Pottmeyer was reappointed for a term of five years by way of a Supervisory Board resolution dated 13 February 2012. His term of office will end on 30 September 2017.

- In a resolution dated 18 September 2012, we terminated Reto Francioni's appointment by mutual agreement with immediate effect, and reappointed him with immediate effect for another term of office, which will end on 31 October 2016. We also reappointed him as Chairman of the Executive Board.
- Michael Kuhn's term of office ended on 31 December 2012. His appointment was not renewed by mutual agreement.
- Frank Gerstenschläger's term of office will expire on 31 March 2013. His appointment was also not renewed by mutual agreement.
- Hauke Stars was appointed as a member of the Executive Board for the first time in a resolution dated 18 September 2012. Her term of office began on 1 December 2012 and will end on 30 November 2015.

Management of individual conflicts of interest

During financial year 2011 and up until the end of the first quarter of 2012, the international law firm of Mayer Brown LLP advised Deutsche Börse AG on the planned business combination with NYSE Euronext. Supervisory Board member Friedrich Merz is a partner of Mayer Brown LLP. Mr Merz did not take part in either the discussion about the engagement of Mayer Brown LLP or in the Supervisory Board's engagement resolution.

Following the expiration of the consulting agreement dated 1 May 2011, Richard Berliand Limited, whose managing director Richard Berliand is a member of the Supervisory Board, signed a new consulting agreement with Deutsche Börse AG effective 1 July 2012 for

the provision of advisory services relating to the development of new products and services in the area of derivatives trading and clearing. We approved the extension of this agreement with effect from 1 July 2012. Mr Berliand was neither present when the extension of the consulting agreement was discussed by the Supervisory Board, nor did he participate in the resolution on the consulting agreement.

The Supervisory Board resolved a policy on consulting agreements with members of the Supervisory Board in the year under review. This policy lays down the framework for entering into consulting agreements with Supervisory Board members.

We would like to thank the outgoing Supervisory Board members for their many years of hard work, which has played a significant role in Deutsche Börse AG's development and success. Our special thanks go to Michael Kuhn and Frank Gerstenschläger for their many years of valued service on Deutsche Börse AG's Executive Board. We would also like to thank the remaining members of the Executive Board, as well as all employees and the employee representatives, for their dedication and achievements in relation to Deutsche Börse AG's strategic reorientation.

Frankfurt/Main, 13 March 2013

For the Supervisory Board:

Joachim Faber
Chairman of the Supervisory Board