



DEUTSCHE BÖRSE  
GROUP

Trading Funds on Xetra  
Innovation, Flexibility,  
Access

**An efficient platform  
for funds trading and  
distribution**



## Innovation

The fast lane to entering the German market

## Flexibility

Straight-through transaction processing  
for investment funds

## Access

Exchange trading is open for every investor

# The Frankfurt Stock Exchange – a Better Place for Trading

## The largest fund offering for Europe

About 3,000 funds are traded on the Frankfurt Stock Exchange – in real time, with no front-end load, every trading day between 9 a.m. and 8 p.m. Two specialists continuously determine the prices of each fund and ensure liquidity at minimal transaction costs. Real-time trading data makes this market transparent.

Fund trading on the Frankfurt Stock Exchange is operated with Xetra® technology; Xetra is Deutsche Börse's fully electronic pan-European trading system. It is one of the fastest, most efficient and most reliable trading systems in the world. Some 260 banks and brokerage firms – around 100 of which are from European countries other than Germany – have direct access to the entire range of actively managed mutual funds. Fund trading on the Frankfurt Stock Exchange combines the advantages of floor trading with the faster and cheaper trading via Xetra. Higher liquidity and narrower spreads make fund trading attractive for trading participants and investors. The Frankfurt Stock Exchange is the only exchange in Germany to offer the efficiency and time-tested price and service quality of Xetra in fund trading, too.

## Germany – an attractive market for funds

Investment funds are a popular and established product among German retail investors, especially for private pension plans. Via investment funds private investors participate in the performance of national and international equity, bond and real estate markets, while diversifying their portfolios and building up assets. Currently, approximately 30 percent of private households have money invested in investment funds, compared to only 15 percent in 1999. In the past ten years, German investors have, on average, put every fifth euro invested into funds.

## New distribution channels in Europe

Funds are now becoming available to a broader range of investors: EU directives such as the Markets in Financial Instruments Directive (MiFID) set out uniform regulations for investment services in the European Economic Area. This leads to the harmonization of the European financial markets and will create new opportunities. Cross-border trading in Europe is made easier as investment firms are obliged to offer the best possible execution of client orders; thus they compete on equal footing. The European market is opening up for investors, with new distribution channels for their products.

## Trading funds via the stock exchange

Investors can use the stock exchange with Xetra technology as a superior platform for trading funds, and issuers now find a cost-efficient alternative: without their own distribution network they would need to distribute funds via banks and financial services providers. This method is expensive, because commissions are usually charged, and it can often be difficult to access. So why not use an established, efficient trading platform? Why not trade funds via the stock exchange?

In May 2006, Deutsche Börse launched exchange trading in actively managed mutual funds. As of December 2008, fund trading on the Frankfurt Stock Exchange operates with Xetra technology. For private investors, this is a true alternative to traditional fund purchasing, and for investment companies an efficient means of making their funds tradable at low cost.

## Fund Issue on the Stock Exchange – Nothing Could Be Easier

Fund trading on the Frankfurt Stock Exchange via the Xetra® technology is supported by specialists, currently the two trading houses N.M. Fleischhacker and Baader Wertpapierhandelsbank. They constantly ensure fair market prices and liquidity up to a maximum quoted volume.

Specialists will only include a fund in their portfolio under management if it meets two criteria:

- The fund must either be listed on another regulated domestic or foreign market, or it must be admitted for trading in Germany via Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin; German Financial Markets Supervision).
- A global certificate maintained by a depository proves that the fund can be executed.

The specialist applies to Deutsche Börse for the fund to be admitted for trading. The specialist charges no commission to have the fund admitted – the fund manager incurs no costs for being included in trading. The specialists ensure that the fund is tradable: they are committed to minimal trading spreads, and avoid partial executions where they do not make economic sense. To calculate prices, the specialists take the current order book situation into account as well as the repurchase value offered by the issuers; they continuously calculate the current value of the fund they manage.



## New Business Areas for Branch Banks and Online Brokers

Investment funds are traditionally sold through banks and financial intermediaries. However, a new trend is emerging: private investors are becoming more price-conscious and better informed; they compare all offers on the market and then decide which choice best matches their expectations. Investors buy or sell funds via the stock exchange, with their number more than doubling from 2006 to 2007 alone.

Low costs and a high level of security are particularly important to investors when making decisions these days. According to a recent survey, 73 percent of the investors asked are particularly concerned with a secure investment and two out of three look at the costs first. Fund trading via the exchange is a clever alternative for cost-conscious investors. Branch banks and online brokers can accommodate this trend with an appropriate offering.

On the stock exchange, investors are always able to get information on the current price and immediately buy or sell their fund units at the current price without any front-end load or redemption fee. The transition to Xetra® means narrower spreads in fund trading which cuts the costs of trading even further. Fund trading is now open to the whole of Europe for branch banks and online brokers. At the same time the product range is considerably expanded and allows new business fields to be created.

**European scope:** Fund trading operates via the fully electronic Xetra platform.

**Expanded product range:** Clients can select the appropriate fund for their investment objectives from a range of approximately 3,000 actively managed funds.

**New business areas:** Harmonizing the European capital markets is generating new distribution opportunities.

**Easy access:** One connection opens a quick, simple and inexpensive way to funds from over 200 issuers.

## Advantages for Investors

The stock exchange offers investors quick and simple access to a large product range of several thousand funds. Fund trading via the exchange offers all the advantages of exchange trading. Xetra also enables faster execution of orders. Order transmission times will be shortened to just a few seconds.

**Continuous trading:** Funds are traded on the Frankfurt Stock Exchange from 9 a.m. to 8 p.m. on all exchange trading days. The exchange specialists calculate fund quotes on an ongoing basis. Investors can trade their funds at the current price instead of the customary previous day's price. Thus, prices reflect the development over the course of the day.

**Low costs:** Investors are charged neither a front-end load nor any other form of distribution fee. They only pay the customary exchange and banking fees.

**Various order types:** The investor can place any of the established order types used for buying equities, e.g. market, limit or stop orders.

**Fair market supervision:** Exchange trading is monitored – this assures both issuers and investors that all prices are fairly and correctly determined.

**Independent pricing:** Since the prices are determined on the stock exchange, the specialists are responsible for the price determination procedure. In this procedure, the specialist doesn't need to work with the portfolio manager in any way, so the procedure is free of insider trading problems.





## Frankfurt Stock Exchange – Advantages at a Glance

**Established distribution platform:** Trading volumes and the number of listed funds on the Frankfurt Stock Exchange have steadily increased since the launch. About 3,000 funds are now traded.

**Active marketing:** The Frankfurt Stock Exchange is the leading trading venue for private investors wishing to place securities orders. This is primarily due to the active marketing of the platform as well as to the highest level of liquidity and best prices.

**Zero-cent sales commission:** Issuers do not have to pay any commission when selling their investment funds via the Frankfurt Stock Exchange.

**High availability:** The funds listed on the Frankfurt Stock Exchange are tradable via every retail bank. Investors simply enter the ISIN to immediately receive the current price.

**Straight-through processing:** Deutsche Börse offers straight-through processing of all orders. Its subsidiary Clearstream, Europe's leading settlement company with a global network, handles settlement and custody. Straight-through processing increases efficiency and reduces costs.

**Efficient buffer function:** Specialists collect all intra-day orders and transfer only one order at the end of the trading day. The issuer profits from reduced time and minimal costs.

**Real-time trading data:** The Frankfurt Stock Exchange offers free real-time trading data and publishes it on the website [www.boerse-frankfurt.com](http://www.boerse-frankfurt.com) (partially in English).

**European access:** Fund trading on the Xetra® trading platform creates new distribution channels in a network across Europe.

## Deutsche Börse Group

Deutsche Börse is a service provider for global stock markets, and uses state-of-the-art technology to give issuers and investors access to the global markets. It is the only fully integrated exchange organization in the world. It offers its clients one-stop access to all relevant investment and system services.

Deutsche Börse operates a **cash market** with one of the highest turnovers in Europe; the Frankfurt Stock Exchange lists shares of 10,000 companies. Moreover, around 24,000 fixed-income securities, over 3,300 actively managed funds and exchange-traded funds (ETFs) and more than 380,000 certificates and warrants are traded on the Frankfurt Stock Exchange. The majority of these products are traded via **Xetra**<sup>®</sup>, Deutsche Börse's fully electronic trading system.

Deutsche Börse assumes a leading position worldwide in derivatives trading, too: together with the Swiss Exchange, it operates **Eurex** – the marketplace for trading and clearing futures and options. Eurex market participants from over 700 locations around the world are linked to each other and achieve an annual trading volume of over 1.5 billion contracts.

Deutsche Börse uses real-time **market data and analytics** to make trading transparent. It calculates well-known benchmark indices such as DAX<sup>®</sup>, MDAX<sup>®</sup>, TecDAX<sup>®</sup> and SDAX<sup>®</sup> as well as 2,600 further indices.

Deutsche Börse also offers all post-trading services: its subsidiary **Clearstream** handles the settlement of securities transactions and securities custody. Shares, bonds and funds with a value of over €10 trillion are held in the accounts at Clearstream.

**Information technology** plays a major role in Deutsche Börse Group's fully integrated business. Over 1,000 employees develop complex technology solutions; they set up and operate the trading and settlement systems for Deutsche Börse Group – and 16 other exchanges worldwide.



DEUTSCHE BÖRSE

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Symbol	Preis	Umsatz	Umsatz	Umsatz
1.0	1.0	1.0	1.0	1.0
2.0	2.0	2.0	2.0	2.0
3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0
5.0	5.0	5.0	5.0	5.0
6.0	6.0	6.0	6.0	6.0
7.0	7.0	7.0	7.0	7.0
8.0	8.0	8.0	8.0	8.0
9.0	9.0	9.0	9.0	9.0
10.0	10.0	10.0	10.0	10.0

Symbol	Preis	Umsatz	Umsatz	Umsatz
1.0	1.0	1.0	1.0	1.0
2.0	2.0	2.0	2.0	2.0
3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0
5.0	5.0	5.0	5.0	5.0
6.0	6.0	6.0	6.0	6.0
7.0	7.0	7.0	7.0	7.0
8.0	8.0	8.0	8.0	8.0
9.0	9.0	9.0	9.0	9.0
10.0	10.0	10.0	10.0	10.0

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