



Improved Liquidity for Small and Medium-Sized Companies: Continuous Auction with Specialist

New Xetra® trading model: Increased liquidity and visibility for equities

Xetra is Deutsche Börse's fully electronic pan-European trading platform for stocks, exchange-traded funds, certificates, warrants, and subscription rights. In November 1997, Xetra was launched to realize a fully electronic trading for the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB®). This system is absolutely transparent and works efficiently. Since its introduction, Xetra has always been further developed in order to fit the market's needs.

On 12 October 2009, FWB will launch another trading model, "Continuous Auction with Specialist" for equities with a primary listing on Deutsche Börse (Prime Standard, General Standard, Entry Standard and First Quotation Board). Currently there exist two trading models: One-Auction Only and Continuous Trading – latter in part supported by Designated Sponsors who work as liquidity providers.

The introduction of the new trading model "Continuous Auction with Specialist" opens in particular small and medium-sized companies that are currently traded in One-Auction Only on Xetra another opportunity to improve their liquidity.

Suited to small and medium-sized companies in One-Auction Only on Xetra

The new trading model is only addressed to companies that are currently traded in One-Auction Only on Xetra. Thanks to Continuous Auction with Specialist, the trading activity can be improved while at the same time the liquidity of traded equities can be increased. Within this new trading model, Specialists are committed to contribute liquidity for the equities.

For an inclusion in one of Deutsche Börse selection indices, equities still must be either admitted to Continuous Trading or are required to appoint at least one Designated Sponsor.

Fundamental principles apply for the trading of equities in the Continuous Auction with Specialist

The core task of Specialists is to provide indicative quotes and additional liquidity on Xetra. The FWB has defined particular quality criteria for this, for example minimum quote volume and a maximum spread. Further requirements concern speed of execution, execution quality and partial fills. Deutsche Börse verifies the compliance of the Specialists with these minimum requirements by a performance measurement.

Fundamental principles of the specialist trading model are:

- There is exactly one Specialist per instrument.
- The Specialist takes on the role of information and liquidity provider by determining quotes in the trading system.
- The quotes provided by Specialists are based on the order book situation and serve to determine the price.
- All order sizes which have a determined minimum lot size for the specific security can be traded.
- The main trading phase is between 9.00 a.m. and 5.30 p.m.

Small and medium-sized companies benefit from:

- Improved trading activity compared to One-Auction Only
- High visibility for international investors in the Xetra network



Highly qualified Specialists supervise equity trading

All trading participants registered at the FWB are allowed to become a Specialist and can be in charge of securities as long as they meet certain regulatory, technical and functional requirements. Those requirements serve to guarantee the contribution to liquidity. Amongst others, these are:

- The Specialist is obliged to provide adequate personnel at the trading floor in Frankfurt during exchange hours.
- Preparation of current information that remain close to market during the main trading phase in the form of indicative quotes.

Conditions of Deutsche Börse AG. The market model serves as a basis for the Rules and Regulations which, nevertheless, may contain additional terms.

Change of trading model: Simple and quick

From 12 October 2009 on, you can switch to the new continuous trading model with Specialist by designating a Specialist. Required documents are:

- Application form signed by Specialist (Deutsche Börse standard form)
- Confirmation of change and companies' nomination of a Specialist (Deutsche Börse standard form)

Here you can find the application form and a model contract between Specialist and company:

www.deutsche-boerse.com/listing_e > Being Public > Products and Services > Specialist Trading Model

Overview of Xetra's trading models

Market model	Characteristics
Continuous Trading	Designated Sponsor-Model
Continuous Auction	Specialist-Model
One-Auction Only	No liquidity provider

The legally binding terms for trading on Xetra at the FWB are laid down in the Rules and Regulations of the exchange, especially the Exchange Rules for the FWB (Börsenordnung) and General Terms and

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Liquidity providers in comparison: Designated Sponsor and Specialist

Designated Sponsor

- Continuous trading, one of the pre-requisites for the acceptance in the selection indices
- Open order book (market participants get insight into depth of the order book; among others publication in the Internet)
- Binding quotes by Designated Sponsor
- Competition between more than one Designated Sponsor and further market participants possible
- Presence at the trading floor is not obligatory
- As a general rule value-added services, e.g.: Investor Relations services, roadshows, analyst coverage, studies

Specialist

- Continuous auction
- Closed order book (only specialist gets insight)
- Indicative quotes by specialist
- Specialist acts as a monopolist with exclusive access to order book
- Presence at the trading floor is obligatory