The indices of Deutsche Börse AG measure the performance of international markets. In conjunction with Statistics and Historical Data, these indices provide qualified information for both institutional and private investors on the performance of investments. In 2003, the index system has been revised and adjusted to meet current market requirements. Investment decisions will be supported by a clear and logical index structure, based on company size and sector affiliation.
The Equity Indices

The index landscape is based on a reorganized segmentation of the German equity market in 2003. Since then, there have been two pivotal segments on the FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange): Prime Standard and General Standard.

The two segments of the Frankfurt Stock Exchange differ as to the extent of transparency requirements made of listed companies.

**General Standard.** Companies listed in the General Standard segment meet statutory requirements such as the publication of annual/semi-annual reports and ad-hoc disclosures in German.

**Prime Standard.** Companies listed in the Prime Standard segment comply with disclosure requirements in line with international standards:

- publication of quarterly reports
- financial reporting in accordance with international financial reporting standards
- publication of a corporate financial calendar
- at least one analysts’ conference per year
- publication of ad-hoc disclosures (required under the German Securities Trading Act) in German and English.

These requirements have been designed to raise the profile of companies listed in the Prime Standard segment with international investors. Admission to the Prime Standard segment is one of the requirements to be included in the DAX®, MDAX®, SDAX® or TecDAX® selection indices. Both the Prime and General Standard segments are open to domestic and international companies.

**Composition of Equity Indices**

All equity indices are capital-weighted and are calculated both as price as well as total return indices. Since September 2004, the only selection criteria for being admitted to – and retaining a presence in – the DAX® selection index are market capitalization of the free float and order book turnover. For all other indices, “soft criteria” such as sector affiliation, free float and turnover rate also play a part in the decision. The composition of all indices is determined by Deutsche Börse’s Executive Board on the basis of the proposal of the Arbeitskreis Aktienindizes (the Working Committee for Equity Indices), an independent committee consisting of representatives of Deutsche Börse and national and international financial institutions. The “Guideline to the Equity Indices” provides detailed information, and can be reviewed on the web site of Deutsche Börse.
The Selection Indices

Deutsche Börse AG has been calculating the DAX® index since 1988. The equity index measures the share performance of the German “blue chips” – the 30 largest companies in terms of exchange turnover and market capitalization. The DAX® is an established indicator for the development of the German economy as a whole, and is frequently used as an underlying instrument, e.g. for products of the derivatives market. Derivatives based on the DAX® rank amongst the most actively traded financial products of their type in the world. The composition of the DAX® is examined on an annual basis, and the index itself is calculated every 15 seconds. Below the DAX®, Deutsche Börse differentiates according to traditional sectors (called ‘Classic’ and covered by the MDAX®, SDAX®) and technology sectors (TecDAX®). Companies are assigned to the respective sectors according to their business model.

The MDAX® comprises the shares of 50 companies – known as mid-caps – from traditional sectors that, in terms of exchange turnover and market capitalization, rank immediately below the companies included in the DAX®. The MDAX® is open to foreign issuers. It mainly comprises the shares of medium-sized companies from the pharmaceutical, chemical, machinery and financial sectors. The composition of the MDAX® is examined on a semi-annual basis, and the index itself is calculated every 60 seconds.

The TecDAX® tracks the share performance of the 30 largest companies in the technology sector ranking below those included in the DAX®. It was launched on 24 March 2003, as a platform for established companies. The TecDAX® is open to foreign issuers. Its composition is adjusted on a semi-annual basis, and the index itself is calculated every 15 seconds.

The SDAX® is the selection index for smaller companies, known as small-caps, and ranks directly below the MDAX®. It comprises 50 shares from the ‘Classic’ sector that are continuously traded in the Prime Standard segment. Just like MDAX® and TecDAX®, the SDAX® is also open to foreign companies. Its composition is adjusted on a quarterly basis, and the index is calculated every 60 seconds.

A prerequisite for admission to one of the selection indices is the continuous quotation of the respective shares.

Broader selection indices

The HDAX® comprises all 110 shares included in the DAX®, MDAX® and TecDAX® selection indices. Thus the HDAX® is a broader variety of the DAX®, covering all sectors and comprising the shares of the largest companies listed in the Prime Standard segment.

The Midcap Market Index covers the 80 shares of the MDAX® and TecDAX® and tracks the performance of medium-sized companies from the ‘Classic’ (traditional) and ‘Technology’ sectors. As a broader selection index, it tracks the entire midcap market without being dominated by the ‘heavyweights’ of the DAX®. The composition of both indices is adjusted on a semi-annual basis; they are calculated every 60 seconds.

The Volatility Index

Deutsche Börse’s VDAX® index reflects the expected fluctuation range of the DAX®. The VADX® expresses the expected volatility of the DAX® index in the following 45 days as a percentage. The VDAX® index is a key analysis tool for the derivatives market – volatility is the factor that is most difficult to predict in options pricing. Options on the DAX® form the basis for the calculation of this index. In addition to the VDAX®, Deutsche Börse calculates eight sub-indices. The VDAX® and the volatility sub-indices are calculated every 60 seconds.
The Benchmark Indices

In addition to selection indices, which are suitable as basis for derivative products given the limited number of component equities, Deutsche Börse also offers a range of benchmark indices. These indices have a broader base and are tailored in particular to the requirements of investment companies that measure the performance of their portfolios by reference to the performance of these indices.

The Technology All Share index comprises shares from the technology sectors ranked directly below the DAX®️, i.e. from TecDAX®, together with the shares of other technology companies listed in the Prime Standard segment.

Similar to the Technology All Share index, the Classic All Share®️ index comprises shares from traditional sectors ranked below the DAX®️ in size, i.e. from MDAX®️ and SDAX®, together with the shares of other traditional-sector companies listed in the Prime Standard segment. In order to avoid being dominated by the DAX®️ components, both indices are limited to the shares outside the DAX®️ index.

The Prime All Share index tracks the performance of the entire Prime Standard segment. The index is divided into 18 sector indices and further, so-called Industry Groups designed to facilitate performance comparisons between providers of similar products.

The CDAX®️ index comprises the shares of all domestic companies listed in the Prime and General Standard segments. It thus represents the German equity market in its entirety, i.e. all companies listed at the Frankfurt Stock Exchange, and is therefore especially suitable for research and analysis.

In Europe, Deutsche Börse is represented by STOXX Ltd., a joint venture with the Swiss Stock Exchange (SWX) and Dow Jones. This venture brought forth the Dow Jones STOXXSM indices, now renowned globally for the performance measurement of European securities investments. They are seen as benchmarks, and are the basis for a multitude of exchange-listed and OTC products. Deutsche Börse not only distributes the STOXXSM indices, but also calculates and disseminates the ISEQ and ITEQ indices of the Irish Stock Exchange (ISE).
The Bond Indices

The German bond market is amongst the largest in Europe. In order to meet the specific market demand for information, Deutsche Börse has developed a range of bond indices.

**eb.rexx** is Deutsche Börse’s trademark for a family of fixed-income indices. The indices are based on price data of the electronic trading platform Eurex Bonds®, which unites the cash and derivatives market in a central quote book, based on direct interfaces with the Xetra® and Eurex® trading systems. eb.rexx® indices are calculated minute-by-minute on the basis of publicly-available, tradable prices of the most liquid bonds. The indices can be tracked easily and are transparent, making them easy to use as a basis for OTC and listed financial instruments. The best-known products are the eb.rexx® Government GermanyEX ETFs.

The REX® index offers a representative cross-section of the market for German government bonds. It comprises all Federal government bonds (Bundesanleihen), Federal debt obligations (Bundesobligationen) and Treasury notes (Schatzanweisungen) issued by the Federal Republic of Germany, the German Unity Fund and the former Treuhandanstalt privatization agency, that carry a fixed coupon and have a remaining time to maturity of between 0.5 and 10.5 years. The index is determined on the basis of synthetic bonds with fixed maturities and fixed coupons, and is divided into ten maturity sub-indices and three coupon class sub-indices. The index is calculated once per day on the basis of traded price data from the Frankfurt Stock Exchange.

The iBoxx® bond index family is based on an alliance between Deutsche Börse and the investment banks ABN AMRO, Barclays Capital, BNP Paribas, Deutsche Bank, Dresdner Kleinwort Wasserstein, Morgan Stanley and UBS Warburg. Deutsche Börse calculates the indices minute-by-minute on the basis of real-time price data supplied directly from the trading desks of the partner banks. This data is aggregated to provide real-time indices for fixed-income government bonds denominated in euro or Sterling (Sovereigns), other government-guaranteed bonds (Sub-Sovereigns), asset-covered issues (Collateralized Bonds) and corporate bonds. On an international level, the iBoxx® indices are used as benchmarks by professional investors. They also form the basis for listed index funds, e.g. the ‘Xavex’ family of funds or the iBoxx® € Liquid Corporates fund. The iBoxx® index family is continuously expanded: the iBoxx® Liquid indices, for example, are calculated using the most liquid bond issues. In contrast to the eb.rexx® indices that supply index analytics for the German market, the iBoxx® indices concentrate on the international market.
Index Licensing

Deutsche Börse issues licenses for the use of its indices. Its index trademarks are protected both nationally and internationally.

This trademark protection not only covers the indices, but also financial instruments and derivative products such as (exchange-traded) index funds, index certificates or index-based futures and options. The use of Deutsche Börse indices as a basis for financial products ensures a high product quality and reliability. In addition, the issued products benefit from the international prominence of the underlying instruments used. There is good reason that the DAXEX – the ETF based on the DAX® – is Europe’s most traded ETF and one of the most liquid Xetra® shares.

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Deutsche Börse also offers index-related services and products – either by order of customers or in accordance with market requirements.

Deutsche Börse develops Customized Indices from time to time, by order of providers of structured products wishing to set standards for innovative ideas. This has lead to the creation of benchmark products for certain regions, particular sectors, or investment themes. Deutsche Börse calculates and disseminates these indices in real time. Clear and strict regulations, high-quality price data based on liquid securities, in conjunction with ICS, the index calculation system, ensure consistent top-quality standards throughout. The indices are distributed via all major vendors. The range of services offered by Deutsche Börse for Customized Indices covers the entire business process from expert consultation and conception, including the calculation and distribution of index data and the creation of downstream information products associated with these indices, right through to answering queries about the individual indices.

To supplement the products and services covering the indices, Deutsche Börse also offers to calculate indicative net asset values under the iNAV® trademark. iNAV® indicates the value of actively and passively managed portfolios of investment funds, thus creating transparency amongst index funds. Where instructed by issuers, Deutsche Börse continuously calculates iNAV® data (e.g. of index fund shares listed in the XTF Exchange Traded Funds® segment) in real time, i.e. every 15 or 60 seconds. The data is disseminated in the same way as share prices. There is a multitude of possible applications for iNAV® data, ranging from monitoring the market-makers’ calculations during trading hours and determining the price for fund shares, through to supporting the risk management departments of institutional investors. iNAV® data also support private investors, providing price transparency when they make a purchase decision. The iNAV® service is particularly attractive for investment funds and insurers.
### Overview of the Equity Indices

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May 2004
Order number 2310-1726

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