

Xetra. The market.

**XETRA**

# REGULATED MARKET FOR HIGHLY LIQUID TRADING

Liquid. Regulated. Reliable.



There are many things that make Xetra the ideal trading venue for investors worldwide: maximum liquidity, low transaction costs and maximum security. Plus the people who make sure this will still be the case tomorrow.

# TRADE ON THE NUMBER 1 VENUE FOR GERMAN EQUITIES

Welcome to Xetra, the undisputed number 1 in Europe for German equities trading and – with a network spanning 18 countries – one of the world’s leading trading venues.

Not only does Xetra® host over 200 of the most important trading players on the European capital market, it is also the reference market for fixing the prices of German securities at many other trading venues.

## **Xetra: one trading venue – many benefits**

If the around 4,000 traders on Xetra were asked why this venue is so successful one would hear a wide range of answers. Many would definitely point to the high liquidity and the resulting extremely low transaction costs, while others would list the benefits of this regulated market: equal access for all, a stronger international competitive position and absolute pre- and post-trade transparency.

Many members value the flexibility of the various trading services designed to support different customer groups and

asset classes. Many also praise Xetra’s gapless service chain and efficient straight-through processing, while still others see the central counterparty, which plays a crucial role in risk management, as a very important factor.

But all of them swear by the trading system’s secure technology, which ensures that Xetra is not only fast but also extremely stable and reliable – with system availability of nearly 100 per cent.

As you can see, there are many different reasons why you should opt for Xetra. But ultimately, taken together they are: an absolutely compelling proposition.

## **Xetra – all benefits at a glance:**

- high trading volumes for German equities
- low transaction costs
- international network of participants from 18 countries
- diversified product range comprising equities, ETFs, ETNs and ETCs
- transparency of a regulated market
- lower risk and anonymity thanks to the central counterparty
- reliable, stable systems
- integrated process chain ranging from trading through clearing to settlement

# HIGHLY LIQUID AND INTERNATIONAL

Xetra is the reference market for exchange trading in German equities and exchange-traded funds.

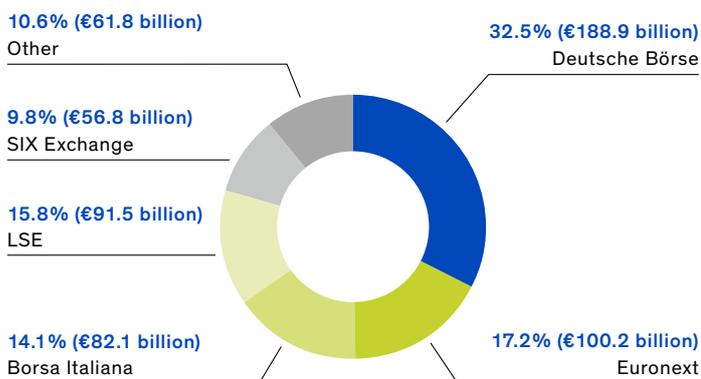
Xetra® has the most liquid offering of German equities, exchange-traded funds (ETFs), exchange-traded commodities (ETCs) and exchange-traded notes (ETNs) of all exchanges in Europe. The average monthly trading volume is over €125 billion. This high volume ensures that orders are executed rapidly, in full and at fair market prices.

handled on Xetra. Xetra prices are also used as the basis for calculating Germany's most famous stock index, the DAX®. Xetra accounts for around 60 per cent of the European market for DAX stocks and is the clear European market leader in exchange trading of ETFs, with a market share of just under 33 per cent.

In total, more than 80 per cent of all equities trading on all German exchanges are

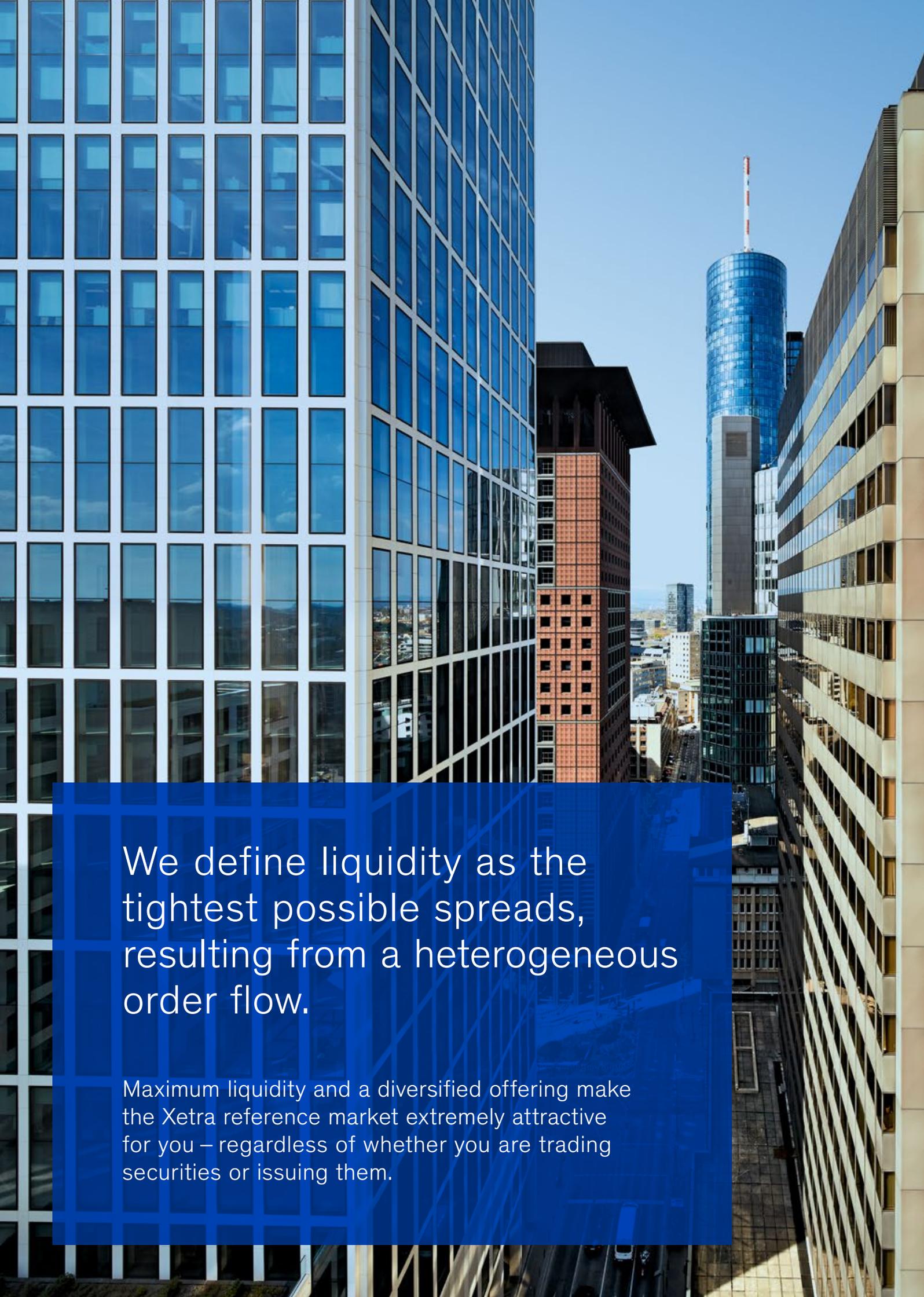
## European markets

Market share/turnover for European ETF segments (2015)<sup>1)</sup>



<sup>1)</sup> Measured by on-exchange order book turnover

Sources: FESE, Borsa Italiana, Bloomberg, January – December 2015



We define liquidity as the tightest possible spreads, resulting from a heterogeneous order flow.

Maximum liquidity and a diversified offering make the Xetra reference market extremely attractive for you – regardless of whether you are trading securities or issuing them.

# A BROAD SECURITIES OFFERING

Securities traded on Xetra:  
over 1,000 equities  
over 1,400 ETFs, ETCs and ETNs

## Trade the most liquid equities

More than 1,000 German and international equities can be traded on Xetra®, including German blue chips from the DAX®, MDAX®, SDAX® and TecDAX® indices and stocks contained from two European indices, the EURO STOXX 50® and the STOXX® Europe 50.

And Xetra goes even further, providing a broad selection of more than 1,400 exchange-traded funds (ETFs), exchange-traded commodities (ETCs) and exchange-traded notes (ETNs).

## Passive investment instruments: ETFs

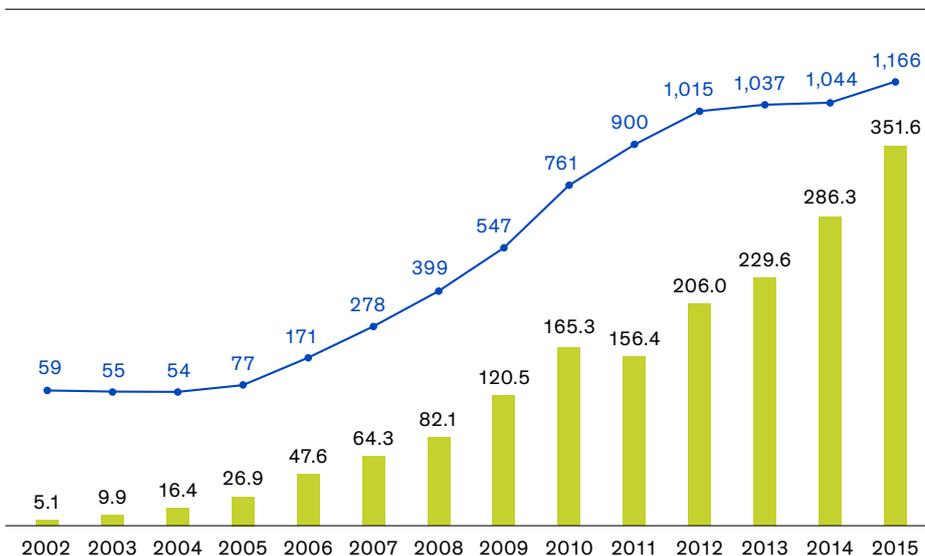
ETFs adopt a passive investment strategy with the aim of reproducing a reference index as precisely as possible. Xetra offers a broad range of ETFs on national and international equities indices, bond and real estate indices, and commodities and strategy indices. XTF Exchange Traded Funds® is the name of the trading segment for actively and passively managed ETFs on the Xetra trading venue. Special rules for issuers participating in the XTF segment guarantee a high degree of transparency and quality standards.

## Eight good reasons to trade ETFs on Xetra:

1. the largest range of products in Europe
2. order book volumes for benchmark ETFs
3. maximum price transparency due to indicative net asset value (iNAV®)
4. low total transaction costs
5. narrow bid-ask spread
6. maximum liquidity in continuous trading
7. maximum risk diversification for a single investment
8. a wide range of trading strategies

## Development of the ETF segment

2002 – 2015



— Number of ETFs ■ Assets under management in € billion

Source: Deutsche Börse AG, as of December 2015

**Invest successfully in commodities:  
ETCs**

Exchange-traded commodities (ETCs) track the performance of an underlying commodity, of commodity futures or of a commodities index. They are traded continuously on Xetra®. This gives investors rapid, transparent access to the key commodities without having to buy futures or physically source commodities.

Deutsche Börse's Xetra-Gold® offers a bearer bond that grants the investor the right against the issuer to demand the delivery of gold. Xetra-Gold tracks the gold price almost exactly and is traded in euros per gram.

**Focus on performance with ETNs**

Exchange-traded notes (ETNs) are structured as tradable bonds, just like exchange-traded commodities (ETCs). However, they track the performance of an underlying reference index other than a commodities index. ETNs provide investors with cost-effective exposure to a new asset class such as currencies or volatility and increase the diversification of portfolios.

At Deutsche Börse, ETCs and ETNs are known collectively as exchange-traded products (ETPs).

You can download a handy CSV file of all securities tradable on Xetra from the "Instruments" section at [xetra.com](https://www.xetra.com).



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# THE INTERNATIONAL TRADING VENUE

As a trading participant, you are part of a strong network of more than 200 participants from 18 countries, including the United Arab Emirates and Hong Kong.

In this way, Xetra® provides you with access on equal terms to professional investors across the world. What is more, Xetra's order book includes orders placed by private investors. The liquidity gain from this consolidation of all market participants is a real benefit for all investors – and a mark of quality that sets Xetra apart from other exchanges. In addition, you benefit

from the fair prices offered by a leading trading venue on which price fixing follows clearly defined, transparent rules.

Regulated, controlled exchange trading ensures integrity and stability for all participants – an invaluable advantage compared to unregulated off-exchange trading.

## Trading participants admitted to trading on the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange)



### Europe:

Germany (98)  
 Austria (7)  
 Belgium (2)  
 Bulgaria (2)  
 Cyprus (1)  
 Czech Republic (2)  
 France (8)  
 Hungary (3)  
 Ireland (3)  
 Italy (4)  
 Luxembourg (1)  
 Netherlands (18)  
 Spain (5)  
 Sweden (1)  
 Switzerland (8)  
 United Kingdom (36)

### Worldwide:

United Arab Emirates (1)  
 Hong Kong (3)

# TRADING MODELS THAT MEET INDIVIDUAL NEEDS

Xetra has a variety of highly efficient trading models to meet your needs.

The term “trading model” describes the process from when an order is placed to the trade closing. Among other things, models vary in terms of the number of participants involved, the level of transparency or the criteria used to prioritise orders, and can be used for a wide variety of applications.

## Auction

In an auction, all orders received are collected to bundle liquidity at a certain point in time and then determine the auction price in line with the principle of the highest executable volume. Auctions are used, for example, to fix the prices of less liquid traded securities, to fix the first and last price at the beginning or end of the trading day (opening and closing auctions) or as volatility and liquidity breaks.

## Continuous trading

In continuous trading, securities prices are fixed at the next possible opportunity,

depending on the order situation. A security must be listed in continuous Xetra® trading before it can be included in one of Deutsche Börse's selection indices.

## Reference price trading

Reference price trading is an order-driven mechanism for continuous trading at the midpoint of the reference market. This enables large orders that could lead to sharp price movements if they were visible on the market to be executed without moving the market.

## Price optimisation model

This trading model is a quote-driven model for continuously internalising orders that also offers an improved price compared with the reference market. This allows best executors to internalise orders and ensure better prices compared with the reference market.

## More information at:

[xetra.com > tradingmodels](https://xetra.com/tradingmodels)

# XETRA HAS THE RIGHT TRADING SERVICES FOR YOU

## Xetra – continuous trading and auctions

Xetra® permits both continuous trading and auctions. During continuous trading, orders are executed immediately as soon as a corresponding counter-order has been received. Auctions are performed at the beginning and end of trading and intraday.

Equities, exchange-traded funds (ETFs), exchange-traded commodities (ETCs) and exchange-traded notes (ETNs) are traded on Xetra on all exchange trading days between 9.00 a.m. and 5.30 p.m. (CET); orders of all sizes are possible. Bid and ask orders are recorded on opposite sides of the open Xetra order book. Following the opening auction, continuous trading is performed, with orders being executed in line with the principle of price/time priority: orders with the highest bid or lowest ask limit are executed first. Where the limits are identical, time priority applies. The trading day ends with the closing auction.

On average, more than 25 per cent of Xetra's total daily trading volume is executed via auctions. Auctions balance

supply and demand among market participants – ultimately, price fixing results in a uniform price and calms the market. Auctions are an ideal instrument for trading larger volumes at fair, reliable prices that are determined with the involvement of a large number of market participants during price fixing. On average, intraday Xetra auction trades are almost eight times larger than those in continuous trading.

## Support from Designated Sponsors

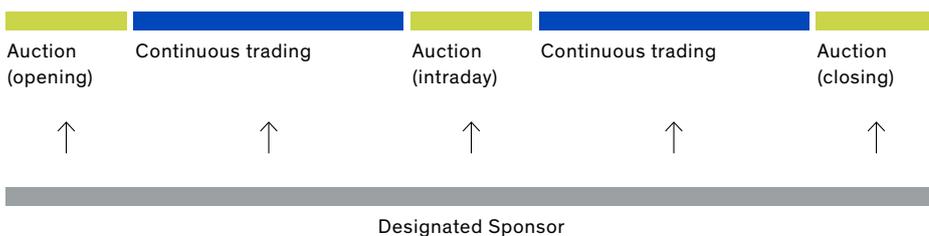
Designated Sponsors act as market makers, creating additional liquidity especially for less liquid securities. Designated Sponsors support Xetra trading by committing to issue binding bid and ask quotes for securities. They ensure that mismatches in supply and demand are evened out and that the market remains liquid at all times.

## Xetra Liquidity Measure: market quality is measurable

Deutsche Börse uses an innovative, transparent liquidity indicator for all the equities traded on Xetra: the Xetra Liquidity

Measure (XLM) captures the liquidity in the electronic order book, based on the trading costs. The measure is calculated throughout the entire trading day for all equities that are continuously traded on Xetra. The lower the XLM, the smaller the market impact costs for trading an equity and therefore the higher the equity's liquidity and trading efficiency. Deutsche Börse provides a daily table on xetra.com listing the previous trading day's most liquid securities on Xetra.

## Xetra order book with support from Designated Sponsors



Auctions last between two and 15 minutes and end at random points, in order to avoid price manipulation.

# TRADING SERVICES FOR OPTIMISING YOUR INVESTMENT STRATEGY

How to optimise your securities trading and profit from immediate full execution and low transaction costs.

**Xetra BEST: guaranteed full execution**

With Xetra BEST® (Best Service), you execute your securities orders against a “best executor” – immediately and in full. Xetra BEST guarantees market participants a better price than the Xetra order book – while still offering all benefits of Xetra® trading.

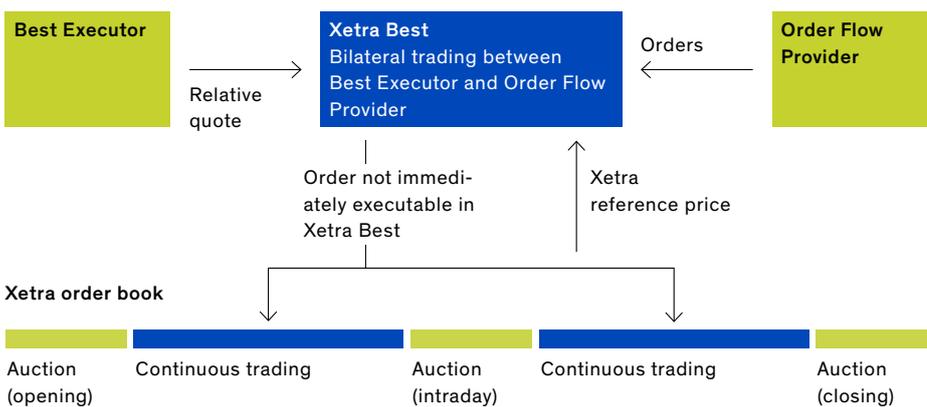
**Tradable instruments:** equities, ETFs and ETPs in continuous trading or continuous trading plus auction on Xetra.

**Benefits:** full execution and a better price than the Xetra order book.

**More information at:**

[xetra.com](http://xetra.com) > [tradingservices](#)

**Xetra BEST**



**Xetra MidPoint: trade discreetly, cut costs**

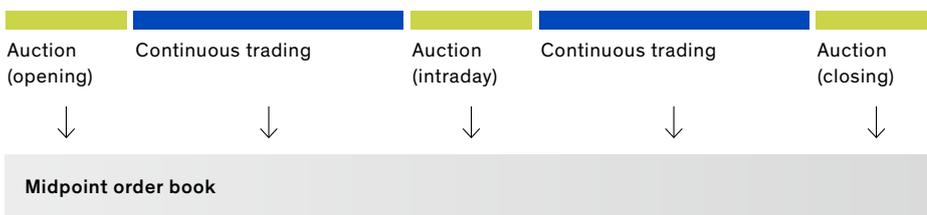
Xetra MidPoint allows you to trade equities in the DAX®, MDAX®, SDAX® and TecDAX® indices without revealing your order size and limit. Orders are entered in a closed order book and executed there at the midpoint of the best bid/ask price in the open Xetra order book in accordance with the principle of volume/time priority. This means that even large orders can be executed without moving the market. From a legal perspective, Xetra MidPoint order prices count as exchange prices.

**Tradable instruments:** all German equities that are traded in continuous trading with auctions on Xetra and settled via Eurex Clearing AG.

**Benefits:** transparent price fixing, lowest possible trading costs and no counterparty risk thanks to the use of a central counterparty (CCP).

**Xetra MidPoint**

**Xetra order book**



**Xetra Trade Entry: the best of both worlds**

This function combines the benefits of on-exchange Xetra trading with the flexibility of over-the-counter (OTC) trading: trading participants can settle OTC trades using the proven infrastructure offered by the Xetra trading venue. For example, after a trade has been closed by telephone one of the trading partner enters the agreed trading parameters in the Xetra Trade Entry window and the other trading partner then reviews and confirms them. If the data are not confirmed,

the order is deleted at the end of the day. Xetra Trade Entry offers settlement and reporting of OTC transactions – naturally in compliance with MiFID.

**Tradable instruments:** equities, ETFs and ETPs.

**Benefits:** low entry and clearing fees for both trading participants; ability to use Xetra’s back office service.

**Xetra Trade Entry**



# FROM ORDER TO DEAL

Greater transparency, faster information and effective trading – the open Xetra order book allows you to gain an overview of the order position at a glance, assess current price trends faster and improve the profitability of your own bid and ask orders.

In addition to selecting an order type, trading participants can define the execution conditions and the validity and trading restrictions for the orders in question.

## **Order types and execution conditions: even greater flexibility**

Investors who use Xetra® for trading can choose from a series of classic order types (e.g. market, limit and stop orders). Validity restrictions allow trading participants to determine the maximum time orders will appear in the order book if they are not executed – “good for day” (GFD), “good till date” (GTD) or “good till cancelled” (GTC). Trading restrictions enable market participants to execute their orders either generally in all auctions or in selected auctions – “opening auction only” (OAO), “closing auction only” (CAO) or “auction only” (AO).

Additional order types round off the offering: trading participants can use hidden orders in a similar way to iceberg orders to avoid revealing the extent of their trading intentions. Whereas in the case of iceberg orders only the tip of the trading volume is displayed in the order book, hidden orders are used to place invisible limit orders in the Xetra order book.

Volume discovery orders help trading participants trade large-scale orders: they are based on iceberg orders, but the hidden portion can be executed against other volume discovery orders

at the midpoint by defining an additional limit. As a result, volume discovery orders offer MiFID II-compliant solutions for discreetly handling large orders.

Certain execution conditions assist liquidity on Xetra: “TOP+” orders reduce the visible spread in a security and increase the executable volume at the top of the book. A “TOP+” order is accepted and added to the order book if it cannot be immediately executed against a visible order in the order book and the sum of the equivalent amounts of all orders on the same side of the order book with the same or a better limit is lower than a maximum threshold.

The new “Xetra Quote Request” function offers participants an alternative to executing orders via request-for-quote platforms. All they need to do is to send a quote request to the registered Designated Sponsors, who will respond to it with a bid/ask price for the requested order size. This allows trading participants who are executing large orders to benefit from possible improvements in the price by interacting with the entire order book.

**For further information, see:**  
[xetra.com > orders\\_e](https://www.xetra.com/eng/orders_e)



# XETRA: ABSOLUTE RELIABILITY AND NEAR 100 PER CENT AVAILABILITY

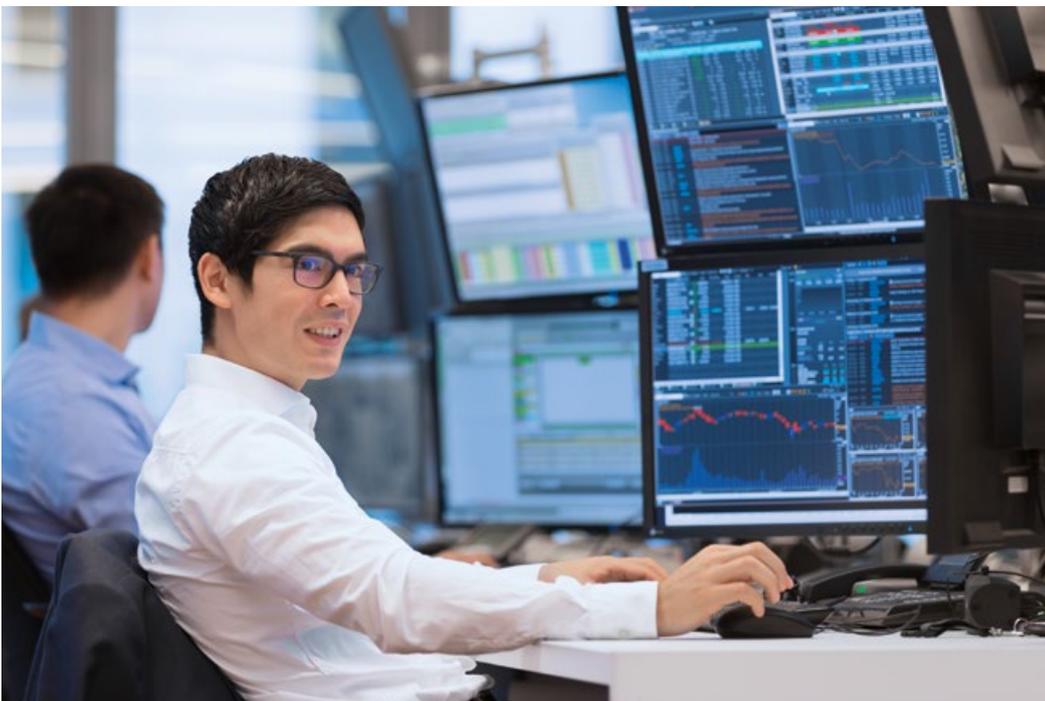
The critical success factors for smooth trading on Xetra® are its high levels of reliability and availability. The availability rate for our trading technology is over 99.98 per cent – even at peak loads. This corresponds to downtime of just two minutes a year. On peak days, the system processes more than 136 million transactions and executes more than 2.76 million trades. What is more, Xetra is not near to reaching its limits even when

handling these volumes of data; the system can process significantly larger volumes of orders.

The technical infrastructure has been designed to be totally redundant. Xetra's architecture can handle even the unlikely event of a total data centre or network link failure without trading activities being impacted.

#### The technology at a glance:

- system availability of almost 100 per cent, even at peak capacity
- high speeds
- low latency
- up to 136 million transactions and over 2.7 million trades on peak days



## XETRA: A STRONG INTERNATIONAL PARTNER

Deutsche Börse offers a range of dedicated outsourcing solutions for stock exchanges, similar organisations, MTFs and enterprises wishing to build off-exchange trading systems. Apart from Börse Frankfurt, international partner

exchanges such as Wiener Börse AG, the Bulgarian Stock Exchange, the Irish Stock Exchange and the Malta Stock Exchange also use Xetra®'s trading technology.

**For further information, see:**  
[xetra.com > Trading > Xetra worldwide](#)

## INTERFACES

Xetra's client-server architecture means it is optimally scalable and allows participants to be connected quickly and easily. You can integrate the trading system with your processes using the Xetra FIX

Gateway, Xetra Market Data Interface and VALUES API interfaces, as well as the Xetra Enhanced Transaction Solution and Xetra Enhanced Broadcast Solution high-speed interfaces.

## CONNECTIVITY

Xetra offers you customised connectivity solutions, allowing you to choose from a range of performance and availability options to suit your needs. Bandwidths range from 512 kbit/s to 2 Mbit/s. In addition,

you can connect to our two high-speed interfaces – the Enhanced Transaction Solution and the Enhanced Broadcast Solution – using lines with speeds of 10 Mbit/s to 10 Gbit/s (co-location).

**More information at:**  
[xetra.com > Technology](#)

The high level of security that Xetra offers does not stop with successful order execution: after all, even after a trade has been closed there is a risk that your counterparty may not deliver.

# INTEGRATED CLEARING SERVICES

Xetra has an integrated clearing house: Eurex Clearing AG supports clients in managing trades, risk and collateral.

### Clearing services

At Frankfurter Wertpapierbörse (FWB® – the Frankfurt Stock Exchange), orders placed on Xetra® and Börse Frankfurt are cleared using Eurex Clearing AG. They act as a central counterparty (CCP) – in other words, as the buyer for all sellers and the seller for all buyers. This minimises risk default and enhances operational efficiency. Our clearing services are particularly useful for professional traders, such as those using algorithmic trading.

Eurex Clearing AG offers trading participants customised service packages for orders executed on the Frankfurt Stock Exchange and settled via Clearstream Banking AG.

### Settlement solutions

The management of the Frankfurt Stock Exchange defines the central depository that can be used to settle transactions for each security.

Transactions executed on the trading venues of Deutsche Börse Xetra and Börse Frankfurt are settled via Clearstream Banking AG.

[www.clearstream.com](http://www.clearstream.com)

**Further information on clearing membership, services and fees is available on the internet at [xetra.com](http://xetra.com) > Clearing & Settlement**

### Eurex Clearing AG clearing services



# REGULATED, TRANSPARENT MARKETS FOR FAIR TRADING

Market participants on Xetra® buy and sell equities, exchange-traded funds (ETFs) and exchange-traded products (ETPs) according to clearly defined rules and under the supervision of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, the Federal Financial Supervisory Authority), the Handelsüberwachungsstelle (HÜSt, Trading Surveillance Office) and the Börsenaufsichtsbehörde (Exchange Supervisory Authority) attached to the Ministry of Economics, Energy, Transport and Regional Development of the State of Hesse.

Efficient market supervision is vital for orderly exchange trading and for ensuring prices are fixed in accordance with the rules. In Germany, this is performed by a number of institutions working together.

## HÜSt supervises trading

Section 7 of the Börsengesetz (German Stock Exchange Act) defines the HÜSt as an independent exchange body and one element of the market supervision framework. The HÜSt supervises exchange trading, the settlement of exchange trades and in particular price fixing on the cash market (Frankfurter Wertpapierbörse, FWB®, the Frankfurt Stock Exchange) and the futures market (Eurex Germany). Market participants can contact the HÜSt directly, especially if they suspect irregularities in connection with price fixing and exchange trading.

## HÜSt investor hotline (Xetra/FWB)

Phone: 08 00-23 020 23,  
Phone outside Germany:  
+49-(0) 69-2 11-1 13 10

Service hours: Monday to Friday,  
8.00 a.m. to 8.00 p.m. CET

E-mail: [huest@deutsche-boerse.com](mailto:huest@deutsche-boerse.com)

## Market supervision ensures orderly trading



# MIFID-COMPLIANT TRADING

The adoption in Europe of the new Markets in Financial Instruments Directive (MiFID II) and of accompanying regulation, MiFIR, has put European securities trading and the organisation of the relevant market structures on a new basis. The application deadline for the directive was extended to January 2018.

Key elements in relation to market structures and securities trading are the introduction of “organised trading facilities” (OTFs) – a new trading venue category that serves as a type of catch-all for previously unregulated (non-equities) markets – and the extension of the existing transparency requirements for equities to other financial instruments. In addition, a trading obligation will be introduced for equities and

derivatives, as has a clearing obligation for derivatives that are traded on regulated markets. Finally, algorithmic trading and high-frequency trading will then be regulated at European level, with the rules largely being based on Germany’s Hochfrequenzhandelsgesetz (High-frequency Trading Act), which was introduced in 2013.

Market participants will have to make significant changes in order to meet the growing regulatory reporting requirements specified by MiFID II/MiFIR. Deutsche Börse Group provides a range of services designed to help meet the necessary changes required by the supervisory authorities.

[xetra.com > Newsroom > Current regulatory topics](#)

# XETRA AWAITS YOU

More than 200 national and international Xetra® participants already use our products and services, and hence the entire process chain from trading and clearing down to securities settlement and custody.

## All trading information at a glance

We use xetra.com to keep you informed. The Xetra Newsroom offers the Xetra Newsboard, circulars, FWB announcements and much more. Find the information you need about current trading parameters and tick sizes, the auction

schedule, fees and costs, and the rules and regulations governing the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange). You will also find the current trading calendar and trading times here.

Xetra participants have access to the Cash Market Member Section. This contains member-specific market information and maintenance services for technical connections.



## HOW TO PARTICIPATE IN TRADING

To take part in trading, credit institutes, financial services providers and financial companies must have been admitted to the Frankfurter Wertpapierbörse (FWB®, Frankfurt Stock Exchange). At a legal level, participation is based on the rules and regulations for the Frankfurt Stock Exchange.

Our Member Services and Admissions team will be happy to answer any questions you have on the timing of admissions and on the forms required, and to provide general information about access to the trading system.

Simply phone us in Frankfurt or one of our representative offices:

Frankfurt +49-(0) 69-2 11-1 16 40

London +44-(0) 20-7862-7219

Paris +33-(0) 1 55 27 67 67

### Admission as trader

Each trading participant can register an unlimited number of traders. In order to be eligible to trade on the exchange on behalf of a trading participant, traders must be considered to be reliable and must demonstrate the necessary professional skills (professional knowledge and practical experience). Applications for admission as a trader are made by submitting the relevant forms. Market participants can use the Electronic eXchange Admission Service (eXAS) for this.

### Capital Markets Academy

Deutsche Börse Cash Market offers direct seminars and training courses via Deutsche Börse Group's in-house training centre, the Capital Markets Academy. These range from professional seminars and systems training for traders, back office staff, capital market professionals, and intermediaries with close links to the exchange environment down to evening events for retail and semi-professional investors.

For further information, see [deutsche-boerse.com/cma](http://deutsche-boerse.com/cma)

Xetra® is a premium trading system that undergoes continuous optimisation and innovation – anything else would not allow us to defend our leading technological position in what is now our second decade.

Not only do we work constantly to improve the trading system's performance, we also adapt Xetra continuously to our participants' wishes and to constantly changing market conditions.

**Published by**

Deutsche Börse AG  
60485 Frankfurt/Main  
Germany  
xetra.com



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July 2016  
Order number 1100-4669

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