

Regarding agenda item 6: Report of the Executive Board in accordance with section 71 (1) no. 8 sentence 5 in conjunction with section 186 (4) sentence 2 of the AktG

In item 6 of the agenda, Deutsche Börse Aktiengesellschaft is authorised to acquire treasury shares.

In addition to acquisition via the stock exchange, the Company is to be given the option of acquiring treasury shares via a public purchase offer (tender process) or a public invitation to submit sale offers. This option allows each shareholder of the Company wishing to sell to decide how many shares to sell and, when determining a price range, at what price these are to be offered. If the quantity offered at the determined price exceeds the number of shares requested by the Company, the sale offers are to be allocated (pro rata acceptance). In this context, preferred acceptance of smaller offers or small parts of offers up to a maximum of 100 shares shall be possible. This option helps to prevent fractional amounts when determining the quotas for acquisition, as well as small residual amounts, thus simplifying the technical settlement process. This also makes it possible to avoid any actual financial disadvantage to minority shareholders. Moreover, allocations can be made according to shares tendered (tender ratios) rather than according to ownership interests because the acquisition procedure can be settled within an economically reasonable framework. Ultimately, sums may also be subject to standard rounding in order to eliminate arithmetical fractions of shares. In this respect, the acquisition ratio and the number of shares to be purchased from individual tendering shareholders can be rounded off as necessary in order to make the acquisition of whole shares possible for technical settlement purposes. The Executive Board considers the exclusion of any further shareholder rights of tender resulting therefrom to be objectively justified and appropriate with regard to the shareholders.

The Company is also authorised to execute the acquisition by using rights of tender made available to the shareholders. These rights are structured in such a way that the Company is only obligated to acquire whole shares. If tender rights cannot be exercised thereafter, they will expire. This process conforms to the principle of equal treatment of shareholders, yet simplifies the technical settlement of share buybacks.

Deutsche Börse Aktiengesellschaft can generate additional equity by re-selling treasury shares. The authorisation provides for options to re-sell treasury shares in the form of a disposal via the stock exchange – which ensures equal treatment of shareholders in accordance with the statutory definition – or an offer directed at all shareholders. In the event of a disposal of treasury shares by way of an offer directed to the shareholders, the Executive Board shall be authorised to exclude shareholders' subscription rights for fractional amounts. This is necessary in order to be able to execute the resale of treasury shares by way of an offer directed to shareholders. The treasury shares that are excluded from shareholders' subscription rights as floating fractional shares will be liquidated either via their sale on the stock exchange or otherwise at the most favourable terms possible for the Company.

Agenda item 6 furthermore makes the Company's treasury shares available for use as consideration in mergers and acquisitions or to acquire equity interests in companies or parts of companies and other assets under the exclusion of shareholders' subscription rights. This

provision is designed to enable the Company to react swiftly, successfully and in a way that does not negatively impact liquidity to advantageous offers or other opportunities arising for mergers and acquisitions, to acquire equity interests in companies or parts of companies, or other assets on both the domestic and international markets. Negotiations frequently reveal the necessity to provide consideration in the form of shares rather than in cash. The authorisation takes account of this necessity. The Executive Board will take into consideration the stock exchange price of Deutsche Börse's share when setting the valuation ratio although no systematic coupling of the two is planned in order to ensure that negotiation results in the Company's interest are not jeopardised by price fluctuations.

The Supervisory Board and the Executive Board also propose that the treasury shares acquired also be used to issue shares to employees and retired employees of the Company and its affiliated companies within the meaning of section 15 *et seq.* of the AktG at favourable conditions. The use of existing treasury shares in lieu of creating new shares by utilising authorised capital is generally less complex and thus more cost-effective for the Company because, among other things, the use of treasury shares is not required to be recorded in the commercial register, in contrast to the utilisation of authorised capital. Using treasury shares also avoids the dilutive effect that would otherwise occur. Issuing shares to the specified employees and retired employees will promote a viable and sustainable equity culture, helping them to identify with and remain loyal to the Company over the long term. In determining the purchase price to be paid, a customary, appropriate and performance-based discretion may be granted.

Acquired treasury shares may also be issued to selected employees in managerial and key positions in the Company, as well as to members of the Executive Board, management and to selected employees in managerial and key positions at its affiliated companies within the meaning of section 15 *et seq.* of the AktG (hereinafter also "employees").

The Company currently has a so-called Long-term Sustainable Instrument Plan (hereinafter "LSI plan") in place. It shall be possible to issue the treasury shares acquired under the proposed authorisation under this LSI plan to selected employees in managerial and key positions in the Company, as well as to members of the management and to selected employees in managerial and key positions at its affiliated companies within the meaning of section 15 *et seq.* of the AktG (collectively the "Group Companies") having a material impact on the risk profile of the Group Companies classified as significant institutions (hereinafter "Risk Takers"). The background and key terms of the LSI Plan are as follows:

Some of the Group Companies qualify as institutions within the meaning of section 1 (1b) of the KWG or as part of a group within the meaning of section 10a (1) of the KWG, which means that the remuneration of their senior management and employees is subject to special statutory requirements. The relevant legislation in this regard is namely Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), Regulation (EU) No. 648/12 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR), Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June

2013 on prudential requirements for credit institutions and investment firms, the German Banking Act (KWG) and the Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (*Instituts-Vergütungsverordnung – InstitutsVergV*) of 16 December 2013.

Currently about 1.55% of the Group Companies' senior management and employees are classified as Risk Takers. Risk Takers are identified on the basis of regulatory technical standards in accordance with Commission Delegated Regulation (EU) No 604/2014 supplementing Directive 2013/36/EU. The requirements for retention, claims and disbursement with respect to the variable remuneration of Risk Takers are governed *inter alia* by section 20 of the InstitutsVergV. According to that provision, certain portions of the variable remuneration are contingent on the institution's sustained performance. Against this background, the LSI plan provides that a certain portion of the variable remuneration granted to Risk Takers be converted into LSI shares prior to disbursement.

The LSI shares are not actual equities, but rather virtual shares, the value of which tracks the price of Deutsche Börse Aktiengesellschaft shares. Thus, the participating Risk Takers at no time receive any claim to delivery of actual shares under the LSI plan. They would however, upon expiry of the one-year waiting period under the plan's terms and conditions, have a claim for payment of a certain cash amount for each LSI share granted.

The LSI plan is structured such that Risk Takers are able to profit from any increase in the price of the Deutsche Börse Aktiengesellschaft shares; conversely they also bear the risk of any share price loss. The granted LSI shares will lapse in the event of serious personal misconduct on the part of the Risk Taker or if the economic development of the institution is not sustainable. This creates an incentive for Risk Takers to avoid taking excessive risks and conduct themselves properly.

According to the terms and conditions of the LSI plan set each year or to be set in the future, upon expiry of the waiting period under the plan's terms and conditions, some Group Companies would be entitled to grant the participating Risk Takers shares in Deutsche Börse Aktiengesellschaft corresponding to the number of LSI shares they hold in lieu of a cash payment. This measure offers the advantage of protecting liquidity. To this end, the Company shall be authorised to use treasury shares and thereby exclude shareholders' subscription rights.

In this context as well, using treasury shares is generally less complex and more cost-effective than issuing new shares, for instance from authorised capital. Using treasury shares also avoids the dilutive effect that would otherwise occur.

The Company may in future also decide to create programmes similar to the LSI plan which would provide for shares to be granted as a remuneration component. The treasury shares acquired under the proposed authorisation could also be used for granting shares under such future programmes.

Provision has also been made for selling treasury shares off-market in return for cash payment and excluding shareholders' subscription rights. This is subject to the proviso that the shares are sold in return for cash payment at a price that does not fall substantially short of the stock exchange price of the Company's shares at the time the shares are sold. This makes use of the option for a less stringent exclusion of subscription rights as provided for in section 71 (1) no. 8 sentence 5 of the AktG in analogous application of section 186 (3) sentence 4 of the AktG. The fact that the shares can only be sold at a price that does not fall substantially short of the relevant stock exchange price of the Company's shares gives appropriate consideration to the principle of protecting the shareholders' anti-dilution interests. The final sale price for the treasury shares shall be determined shortly prior to the sale. The Executive Board shall ensure that any discount on the stock exchange price is as low as possible, taking into account the market conditions prevailing at the time of placement. The discount on the stock exchange price at the point in time at which the authorisation is exercised shall not, under any circumstances, exceed 5% of the current stock exchange price. In this respect, the shares sold under the exclusion of shareholders' subscription rights in accordance with section 71 (1) no. 8 sentence 5 in conjunction with section 186 (3) sentence 4 of the AktG may not in the aggregate exceed 10% of the Company's share capital existing as at the date on which this authorisation enters into effect or, if that amount is lower, the share capital existing as at the date on which this authorisation is exercised. If during the term of this authorisation and until such time as it is exercised, other authorisations to issue or sell shares in the Company or to issue rights entitling or obligating the holder to subscribe for shares in the Company are exercised and subscription rights thereby excluded pursuant to or in analogous application of section 186 (3) sentence 4 of the AktG, this shall be counted towards the aforementioned 10% threshold. This restriction, together with the fact that the issue price has to be close to the stock exchange price, is designed to give appropriate consideration to the financial and voting right interests of the shareholders. In principle, the shareholders have the option of maintaining their participating interest by purchasing Deutsche Börse shares via the stock exchange. The authorisations are in the interests of the Company because they provide it with greater flexibility. They enable, for example, the sale of treasury shares to institutional investors or the targeting of new groups of investors.

Finally, the Supervisory Board shall be authorised to transfer the treasury shares acquired by the Company on the basis of the proposed or an earlier authorisation to members of the Company's Executive Board in satisfaction of the applicable remuneration agreements. Treasury shares could thus be used to satisfy contractual claims that may be granted to members of the Executive Board under Executive Board remuneration provisions in the future. The remuneration scheme for the Executive Board does not currently contain any component providing for the grant of shares in the Company. However, the Supervisory Board should be given the power to provide for a remuneration component of this nature in the future. If in the future, members of the Executive Board were to be granted shares as a component of their remuneration, it would be necessary to exclude shareholders' subscription rights. Granting shares to Executive Board members would be yet another way to tie them to the Company because the shares so granted would allow them to participate in any increase in value of the Company. This way, additional incentives could be created for a lasting and sustainability-driven management of the Company. For example, a portion of the variable remuneration (variable bonus) could be paid in stock options instead of cash. A provision such as this could


be made in addition to or instead of the existing obligation of Executive Board members to invest a portion of their remuneration in shares of the Company. In this case as well it would generally be arranged so that the Executive Board members would not be permitted to sell the shares received until after the expiry of a holding period. This way, the Executive Board member would not only participate in positive, but also in any negative performance of the share value, thus creating not just a bonus but also a penalty effect for Executive Board members. The performance targets to be set for the variable remuneration components, the associated measurement factors, the increase and decrease in the bonus where targets are exceeded or not achieved, the ratio of payment in cash to payment in equity and all other details would be determined by the employment agreements or remuneration agreements that the Supervisory Board, on behalf of the Company, could conclude with the individual members of the Executive Board in the future. This way, in accordance with its statutory obligation under section 87 of the AktG, the Supervisory Board would ensure that the total remuneration (including the components granted in shares) is commensurate with the responsibilities and performance of the Executive Board member and the Company's position and does not exceed the customary remuneration without good reasons.

Frankfurt/Main, in March 2019

Deutsche Börse Aktiengesellschaft
The Executive Board


Theodor Weimer


Christoph Böhm


Thomas Book


Stephan Leithner


Gregor Pottmeyer


Hauke Stars