



DEUTSCHE BÖRSE
GROUP

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ANNUAL REPORT 2019

Excerpt: Fundamental information about the Group



Combined management report

This combined management report covers both Deutsche Börse Group and Deutsche Börse AG and includes the combined non-financial statements according to the CSR Directive. It follows the requirements of the Handelsgesetzbuch (HGB, German Commercial Code) and the Deutscher Rechnungslegungs Standard Nr. 20 (DRS 20, German Accounting Standard No. 20).

Fundamental information about the Group

Overview of Deutsche Börse Group

Business operations and Group structure

Deutsche Börse AG, which is headquartered in Frankfurt/Main, Germany, is the parent company of Deutsche Börse Group. As at 31 December 2019, Deutsche Börse Group employed a total of 6,775 staff (31 December 2018: 5,640), having 105 nationalities at 41 locations in 27 countries around the globe. As one of the largest providers of market infrastructure worldwide, the Group offers a broad product and service range to its clients. These cover the entire financial market transaction process chain: from the provision of market information, indices and analytical solutions (pre-trading), the trading and clearing services on which these are based, and the settlement of transactions right through to the custody of securities and funds, as well as services for liquidity and collateral management (post-trading), related services for trading and clearing as well as settlement of orders right through to custody of securities and funds, as well as services for liquidity and collateral management (post-trading). The Group also develops and operates the IT systems that support all of these processes.

Deutsche Börse AG markets the price and reference data of the systems and platforms of Deutsche Börse Group as well as any other trading-relevant information. In addition, it develops and markets indices and analytics solutions via its subsidiary Qontigo GmbH. Furthermore, Deutsche Börse AG operates the Eurex Exchange futures and options market via Eurex Frankfurt AG. Commodities spot and derivatives markets are operated by the Group's direct subsidiary European Energy Exchange AG (EEX). Via its subsidiary 360 Treasury Systems AG (360T), Deutsche Börse AG offers a platform for foreign exchange trading. The Group also operates the cash market at Frankfurter Wertpapierbörse (Frankfurt Stock Exchange – FWB®), with its fully electronic trading venue Xetra®, as well as offering trading in structured products (certificates and warrants) in Germany via the Börse Frankfurt Zertifikate AG exchange. The Group also offers clearing services for the cash and derivatives markets (Eurex Clearing AG). All post-trading services that Deutsche Börse Group provides for securities are handled by Clearstream Holding AG and its subsidiaries (Clearstream Holding group). These include transaction settlement, the administration and custody of securities, as well as services for investment funds and global securities financing. Deutsche Börse AG and Clearstream Services S.A. develop and operate Deutsche Börse Group's technological infrastructure.

Deutsche Börse Group's full group of consolidated entities is set out in [note 34 to the consolidated financial statements](#).

Reporting segments

Deutsche Börse Group's business is divided into nine segments: Eurex (financial derivatives), EEX (commodities), 360T (foreign exchange), Xetra (securities trading), Clearstream (post-trading), IFS (investment fund services), GSF (collateral management), Qontigo (index and analytics business) and Data (data business).

This structure serves as a basis for the Group's internal management and financial reporting (see the following table entitled "Deutsche Börse Group's reporting segments" for details).

Deutsche Börse Group's reporting segments

Reporting segment	Business areas
Eurex (financial derivatives)	<ul style="list-style-type: none"> ▪ Electronic trading of derivatives (Eurex Exchange) ▪ Eurex Repo[®] OTC trading platform ▪ C7[®] electronic clearing architecture ▪ Central counterparty for on- and off-exchange derivatives and repo transactions
EEX (commodities)	<ul style="list-style-type: none"> ▪ Electronic trading of electricity and gas products as well as emission rights (EEX group) ▪ Central counterparty for traded cash market and derivative products
360T (foreign exchange)	<ul style="list-style-type: none"> ▪ Electronic trading of foreign exchange (360T[®]) ▪ Central counterparty for OTC and exchange-traded derivatives
Xetra (securities trading)	<ul style="list-style-type: none"> ▪ Cash market with the trading venues Xetra[®], Börse Frankfurt and Tradegate ▪ Central counterparty for equities and bonds ▪ Listing
Clearstream (post-trading)	<ul style="list-style-type: none"> ▪ Custody and settlement of securities
IFS (Investment Fund Services)	<ul style="list-style-type: none"> ▪ Investment fund services (order routing, settlement and custody)
GSF (collateral management)	<ul style="list-style-type: none"> ▪ Services for global securities finance and collateral management as well as collateralised money market transactions, repo and securities lending transactions
Qontigo (index and analytics business)	<ul style="list-style-type: none"> ▪ Development and marketing of indices (STOXX[®] and DAX[®]) ▪ Innovative portfolio management and risk analysis software
Data (data business)	<ul style="list-style-type: none"> ▪ Marketing of licences for trading and market signals ▪ Technology and reporting solutions for external clients ▪ Link-up of trading participants

Management

The governing bodies of Deutsche Börse AG, which is a German stock corporation, are the Annual General Meeting, the Supervisory Board and the Executive Board, each of which has its own areas of responsibility.

The Annual General Meeting rules on the appropriation of the unappropriated surplus, appoints the shareholder representatives on the Supervisory Board and approves the actions of the Executive Board and the Supervisory Board. In addition, it rules on corporate actions and other matters governed by the Aktiengesetz (AktG, German Stock Corporation Act).

The Supervisory Board appoints, supervises and advises the members of the Management Board, and is directly involved in decisions of fundamental importance to the Group. Additionally, it approves the consolidated financial statements prepared by the Executive Board. Members of the Supervisory Board are appointed for a period of three years, although the Annual General Meeting may determine a shorter term of office when electing members. As Deutsche Börse AG has more than 2,000 employees in Germany, members of the Supervisory Board must be appointed in accordance with the provisions of the Mitbestimmungsgesetz (German Co-Determination Act). Deutsche Börse's Supervisory Board comprises eight shareholder representatives and eight employee representatives in order to meet the growing demands placed upon Supervisory Board members in connection with the Company's growth and that of the Group as a whole, particularly with regard to the diversity and internationalisation of Supervisory Board work. Further details can be viewed in the ["Combined declaration on corporate management and corporate governance report"](#) section.

The Executive Board manages the company at its own responsibility; the Chief Executive Officer (CEO) coordinates the activities of the Executive Board members. In the 2019 financial year, the Executive Board of Deutsche Börse AG comprised six members. The remuneration system and the remuneration paid to individual members of the Executive Board of Deutsche Börse AG is explained in more detail in [the remuneration report](#).

Organisational structure

The responsibilities of the Chief Executive Officer (CEO) include the Group's strategy, M&A activities, communications, legal affairs as well as regulatory matters, and Group Audit. The duties of the Chief Financial Officer (CFO) comprise, among other things, financial reporting and controlling, risk management, compliance and investor relations. The Trading & Clearing division bundles derivatives trading and the clearing houses of Deutsche Börse Group. The electronic foreign exchange trading platform 360T®, as well as EEX Group, also belong to this division. The Post-Trading, Data & Index division includes Clearstream's settlement and custody business, the reporting segments IFS (Investment Fund Services), and GSF (Collateral Management), as well as the data, index and analytics businesses. Deutsche Börse Group's cash market businesses – comprising the trading venues Xetra, Frankfurt Stock Exchange, and the certificates and warrants business – are assigned to the Cash Market, Pre-IPO & Growth Financing division. The division is also responsible for building up a pre-IPO market, establishing tools for growth financing. Human Resources completes this area of responsibility. The Chief Information Officer/Chief Operating Officer (CIO/COO) division combines Deutsche Börse Group's IT activities and market operations. Technological transformation and digitalisation are the key areas of focus for this division.

Objectives and strategies

Deutsche Börse Group's objectives and strategies

Deutsche Börse Group is one of the largest market infrastructure providers worldwide. The Group's business model contributes the capital markets' stability, efficiency and integrity. This benefits issuers in the form of low costs of raising capital and investors in the form of high liquidity and low transaction costs. At the same time, Deutsche Börse stands for transparent, secure capital markets in which organised trading is based on free price formation.

Deutsche Börse Group's business model is geared towards a diversified product and service offer that covers the entire value chain of financial market transactions. The Group's diversified business model is based on the following key elements:

- Integrating different financial market services such as trading, clearing, settlement, securities custody, liquidity and collateral management, as well as index, analytics and market data services
- Providing these services for various asset classes such as equities, bonds, funds, commodities, foreign exchange, interest rates, and derivatives products based on these underlyings
- Developing and operating proprietary electronic systems for all processes along the value creation chain
- Organising an impartial marketplace to ensure orderly, supervised trading with fair price formation, plus providing risk management services

In order to maintain and expand its leading position among exchange organisations, Deutsche Börse Group is pursuing the "Roadmap 2020" growth strategy. To achieve this strategic objective, Deutsche Börse is focusing on generating structural, organic growth, while at the same time accelerating non-organic growth through acquisitions in five defined business areas. The third pillar of the strategy is to strengthen and further expand its position in the IT area.

As part of an ongoing process, the Group is reviewing its organic growth initiatives, focusing in particular on expansion into markets and asset classes characterised by structural growth, while attaching great importance to ensuring that the initiatives launched are implemented in a consistent, successful manner. Please refer to the report on opportunities for the key initiatives and growth drivers. Moreover, the remuneration system for the Executive Board and executive staff has created a number of incentives for growth in the individual business divisions. Please refer to the [remuneration report](#) for a detailed description of all targets. As far as external growth opportunities are concerned, the focus is on strengthening existing high-growth areas, and on exploring new asset classes and services.

Deutsche Börse has a scalable business model, which permits higher business volumes to be achieved at relatively low additional cost. This means that, with a strong business performance and organic or external growth, revenue growth will exceed cost increases. To reinforce the scalability of its business model, the Group has introduced clear targets for net revenue and profit growth. Based on its current business portfolio, the Group anticipates structurally driven net revenue growth of at least 5 per cent a year between 2017 and 2020. With regard to net income for the period attributable to Deutsche Börse AG shareholders, the Group is targeting an average annual growth rate of 10 to 15 per cent over the same period. So far, during the course of implementing this growth strategy, the Group has managed to achieve or even exceed these targets.

Among the factors that have a significant impact on Deutsche Börse Group's organic growth are:

- Regulatory requirements affecting all market participants: If regulatory initiatives (such as EMIR, MiFIR and CRR/CRD) strengthen the role of exchanges, this will also benefit Deutsche Börse Group.
- Structural changes in the financial markets: e.g. trading activity increases if investment funds make greater use of derivatives to implement their trading strategies.
- Innovative strength: If Deutsche Börse Group succeeds in continuously introducing new products and services for which there is market demand, the Group will be in a position to further expand its business.
- The cyclical nature of financial markets: For example, increased stock market volatility typically leads to higher levels of trading in the cash and derivatives markets, and rising interest rates tend to drive up net interest income and trading volumes in interest rate derivatives.

Deutsche Börse Group is committed to maintaining transparent, reliable and liquid financial markets, although it cannot control the volume drivers for these markets, i.e. cyclical factors. The Group can influence the other factors either wholly or partially; for instance, it can lobby for a favourable legal framework for the financial markets, or it can develop products and services that support clients' business. This also enables it to reduce dependence on those factors beyond its control.

Management approach for a Group-wide commitment to sustainability

One of Deutsche Börse Group's objectives and strategies is to take a holistic approach to corporate responsibility. Its management approach is therefore guided by three action-led principles that aim to sustainably strengthen and preserve the value that Deutsche Börse Group adds to the economy and society:

- Building trust. Deutsche Börse Group aims to organise the capital markets in a way that ensures their integrity, transparency and security. The availability of high-quality information is a key aspect in this process and something that the Group is working on constantly to enhance. In this context, providing sustainability information is as significant as engaging in a constructive dialogue on the future viability of the international capital markets with our customers but also with the general public.
- Leading by example. As a listed service provider, Deutsche Börse Group aims to ensure that its own corporate activities are conducted responsibly and with a view to the future. In addition, the Group pursues a sustainable human resources policy and is committed to the environment and hence to conserving resources. It enhances its commitment to sustainability and related reporting on an ongoing basis in order to establish itself as a long-term role model on the market.
- Increasing public awareness. The Group is part of civil society and as such has a responsibility towards it. It is committed to fulfilling this role both in Germany and in its international locations. It systematically bases its actions on local requirements and, as a good corporate citizen, takes part in long-term cooperative initiatives aimed at strengthening structures in the non-profit sector.

In 2016, Deutsche Börse established a Group Sustainability Board to continuously develop the Group-wide sustainability strategy along the entire value chain and advise the Executive Board on sustainability issues. The Board convenes twice a year and in 2019 its members comprised twelve representatives of the Executive Board divisions, plus the Head of Group Sustainability and one Executive Board member.

Internal management

Management systems

Deutsche Börse Group's internal management system is generally based on key performance indicators taken from the consolidated income statement (net revenue; operating costs excluding depreciation, amortisation and impairment losses; EBITDA; Group's net profit for the period attributable to Deutsche Börse AG shareholders), as well as on various parameters derived from the consolidated statement of financial position and the consolidated statement of cash flows (cash flows from operating activities, liquidity, equity less intangible assets). In addition, the system includes key performance indicators derived from the adjusted income statement and balance sheet (net debt/EBITDA ratio and return on shareholders' equity). Details on the components of the income statement are shown in the table [☞ "Consolidated income statement"](#).

The most significant performance indicators to manage the Group's results of operations include the secular net revenue growth and the adjusted net profit for the period attributable to Deutsche Börse AG shareholders. The performance indicators derived from the statement of financial position and the statement of cash flows include cash flows from operating activities and equity less intangible assets. In addition, Deutsche Börse Group's target is to primarily meet its operating liquidity requirements from internal financing with a view towards maintaining sufficient liquidity in order to be able to meet all of the Group's payment obligations when due. There is no set target for the Group's management KPI of equity less intangible assets; rather, the objective is to maintain a positive figure.

At Group level, a net debt/EBITDA ratio not exceeding 1.75 and free funds from operations (FFO) relative to net debt greater than or equal to 50 per cent is also targeted in order to achieve the "minimum financial risk profile" consistent with the current AA rating in accordance with S&P Global Ratings methodology. In addition, an interest coverage ratio of at least 14 is targeted for Deutsche Börse Group using this methodology.

Group projects are prioritised and steered using strategic and financial criteria, taking project-specific risks into account. The main criterion used to assess the strategic attractiveness of projects is their (expected) contribution to the strategic objectives for Deutsche Börse Group and its business areas. The main financial criteria are key performance indicators such as net present value (NPV), the payback period and the return after tax, which are calculated on the basis of the project or business plans, which are calculated on the basis of the project or business plans. Risks are monitored at all levels of project work, i.e. both when prioritising and steering projects and during ongoing project management.

Details concerning the non-financial performance indicators used by Deutsche Börse Group are outlined in the [☞ "Combined non-financial statement"](#) section.

Internal control system as part of the financial reporting process

Deutsche Börse has established a Group-wide internal control system (ICS). The ICS comprises rules to manage the company's activities as well as guidelines defining how compliance with these rules is monitored. The principles of the Group-wide ICS are also applied in partially decentralized units of Deutsche Börse Group. Monitoring tasks are implemented through process-integrated measures (such as organisational safeguards and controls) as well as through process-independent measures. All business divisions are responsible for ensuring that Group-wide ICS requirements are met in their respective areas of responsibility.

The purpose of the accounting-related ICS is to ensure orderly accounting practices. The central Financial Accounting and Controlling (FA&C) division, together with decentralised units acting on the requirements set out by FA&C, are responsible for preparing the accounts at Deutsche Börse AG and its consolidated subsidiaries. Group Tax is responsible for determining tax items for accounting purposes. The relevant department heads are responsible for the related processes, including effective security and control measures. The aim is to ensure that risks relating to the accounting process are identified early on, so that remedial action can be taken in good time.

In order to assure uniform and consistent accounting, FA&C provides regularly updated accounting manuals and guidelines and work instructions for the material accounting processes – as part of the preparation of the annual and consolidated financial statements of Deutsche Börse AG. All employees in the FA&C area, as well as in decentral units, have access to these documents and the accounting and account assignment guidelines, allowing them to see for themselves the scope of managerial discretion and accounting options Deutsche Börse Group exercises.

Moreover, Deutsche Börse Group continuously monitors and analyses changes in the accounting environment and adjusts its processes in line with them. This applies in particular to national and international accounting standards.

Another key component of the ICS is the principle of segregation of duties: tasks and authorities are clearly assigned and separated from each other in organisational terms. Incompatible tasks – such as modifying master data on the one hand and issuing payment instructions on the other – are strictly segregated at a functional level. An independent control unit grants individual employees access rights to the accounting system and continuously monitors these permissions using a so-called incompatibility matrix. Transactions are initially recorded in the general ledger or the appropriate sub ledgers on the basis of the chart of accounts and the account allocation guidelines.

Major Deutsche Börse Group subsidiaries maintain and consolidate their general ledgers in the same system. Accounting data from other companies is uploaded for inclusion in the consolidated financial statements. Liabilities, expenses and income for individual transactions are recorded in separate accounts under the name of the counterparty concerned. Any consolidation differences are reviewed centrally and sent to the accounting departments of the companies concerned for clarification.

The processes, systems and controls described above aim to provide reasonable assurance that the accounting system complies with the applicable principles and laws. In addition, Compliance and Internal Audit act as a further line of defence, performing risk-based, process-independent controls on whether the ICS is appropriate and effective. The Executive Board and the Audit Committee established by the Supervisory Board receive regular reports on the effectiveness of the ICS with respect to the financial reporting process.

Takeover-related disclosures

Disclosures in accordance with sections 289a (1) and 315a (1) of the German Commercial Code (HGB) and explanatory notes

In accordance with sections 289a (1) and 315a (1) of the German Commercial Code (HGB, Handelsgesetzbuch), in conjunction with section 83 (1) sentence 2 of the Introductory Act to the German Commercial Code (EGHGB, Einführungsgesetz zum Handelsgesetzbuch), Deutsche Börse AG hereby makes the following disclosures as at 31 December 2019:

The share capital of Deutsche Börse AG amounted to €190.0 million on the above-mentioned reporting date and was composed of 190 million no-par value registered shares. There are no other classes of shares besides these ordinary shares.

The share capital has been contingently increased by up to €17.8 million by issuing up to 17.8 million no-par value registered shares (contingent capital 2019). The contingent capital increase will only be implemented to the extent that holders of convertible bonds or of warrants attaching to bonds with warrants issued by the Company or by a Group company in the period until 7 May 2024 on the basis of the authorisation granted to the Executive Board by resolution of the Annual General Meeting of 8 May 2019 on Item 8 (b) of the agenda exercise their conversion or option rights, that they meet their conversion or option obligations, or that shares are tendered, and no other means are used to settle such rights or obligations. More details can be found in Article 4 (7) of the Articles of Association of Deutsche Börse AG.

The Executive Board is only aware of those restrictions on voting rights that arise from the Aktiengesetz (AktG, German Stock Corporation Act). Therefore, those shares affected by section 136 of the AktG are excluded from voting rights. Furthermore, shares held by Deutsche Börse AG as treasury shares are exempted from the exercise of any rights according to section 71b of the AktG.

Under the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), any investor whose shareholding reaches, exceeds or falls below specified voting right thresholds as a result of purchase, sale or any other transaction is required to notify the company and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority). The lowest threshold for this disclosure requirement is 3 per cent. Deutsche Börse AG is not aware of any direct or indirect equity interests in its capital exceeding 10 per cent of the voting rights.

There are no shares with special rights granting the holder supervisory powers.

Employees holding shares in Deutsche Börse AG exercise their rights in the same way as other shareholders in accordance with the statutory provisions and the Articles of Association.

Members of the Executive Board are appointed and dismissed in accordance with sections 84 and 85 of the AktG and with Article 6 of the Articles of Association of Deutsche Börse AG. Amendments to the Articles of Association of Deutsche Börse AG are adopted by resolution of the Annual General Meeting in accordance with section 119 (1) No. 6 of the AktG (amended). Under Article 12 (4) of the Articles of Association of Deutsche Börse AG, the Supervisory Board has the power to make changes to the Articles of Association that relate to the wording only. In accordance with Article 18 (1) of the Articles of Association of Deutsche Börse AG, resolutions of the Annual General Meeting are passed by a simple majority of the votes cast, unless otherwise mandated by the AktG. Insofar as the AktG additionally prescribes a majority of the share capital represented at the time of a resolution, a simple majority of the share capital represented is sufficient where this is legally permissible.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to increase the share capital by up to a total of €13.3 million on one or more occasions in the period up to 10 May 2021 by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions (authorised capital I). Shareholders must be granted pre-emptive rights. However, subject to approval by the Supervisory Board, the Executive Board may exclude shareholders' pre-emptive rights with respect to fractional amounts. According to the authorisation, however, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares issued during the term of authorisation and that exclude shareholders' pre-emptive rights does not exceed 20 per cent of the share capital. Full authorisation, and particularly the conditions under which shareholders' pre-emptive rights can be excluded, is derived from Article 4 (3) of the Articles of Association of Deutsche Börse AG.

The Executive Board is also authorised to increase the share capital by up to a total of €19.3 million on one or more occasions in the period up to 12 May 2020, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions (authorised capital II). Shareholders must be granted pre-emptive rights, which the Executive Board can disapply in certain cases, subject to the approval of the Supervisory Board in each case. The Executive Board is authorised to exclude shareholders' pre-emptive rights: (1) in the case of cash capital increases, provided that the issue price of the new shares is not significantly lower than the prevailing exchange price, and the total number of shares issued under exclusion of shareholders' pre-emptive rights does not exceed 10 per cent of the share capital; (2) in the case of physical capital increases in exchange for non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets; or (3) with respect to fractional amounts. However, according to the authorisation, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares that are issued during the term of authorisation and that exclude shareholders' pre-emptive rights does not exceed 20 per cent of the share capital. Full authorisation, and particularly the conditions under which shareholders' pre-emptive rights can be excluded, is derived from Article 4 (4) of the Articles of Association of Deutsche Börse AG.

In addition, the Executive Board is authorised to increase the share capital by up to a total of €38.6 million on one or more occasions in the period up to 12 May 2020, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash contributions (authorised capital III). Shareholders must be granted pre-emptive rights, which the Executive Board can exclude, subject to the approval of the Supervisory Board, only for fractional amounts. However, according to the authorisation, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares that are issued during the term of authorisation and that exclude shareholders' pre-emptive rights does not exceed 20 per cent of the share capital. The exact content of this authorisation is derived from Article 4 (5) of the Articles of Association of Deutsche Börse AG.

Furthermore, the Executive Board is authorised to increase the share capital by up to a total of €6.0 million on one or more occasions in the period up to 16 May 2022, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions (authorised capital IV). Shareholders must be granted pre-emptive rights unless the Executive Board makes use of the authorisation granted to it to disapply such rights, subject to the approval of the Supervisory Board. The Executive Board is authorised to disapply shareholders' pre-emptive rights for fractional amounts with the approval of the Supervisory Board. However, according to the authorisation, the Executive Board may only exclude shareholders' pre-emptive rights if the total number of shares issued during the term of the authorisation, excluding pre-emptive rights, does not exceed 20 per cent of the share capital. Full authorisation is derived from Article 4 (6) of the Articles of Association of Deutsche Börse AG.

The Executive Board is authorised to acquire treasury shares up to 10 per cent of the share capital. However, the acquired shares, together with any treasury shares acquired for other reasons that are held by the Company or attributed to it in accordance with sections 71a et seq. of the AktG, may at no time exceed 10 per cent of the Company's share capital. The authorisation to acquire treasury shares is valid until 7 May 2024 and may be exercised by the company in full or in part on one or more occasions. However, it may also be exercised by dependent companies, by companies in which Deutsche Börse AG holds a majority interest or by third parties on its or their behalf. The Executive Board may elect to acquire the shares (1) on the stock exchange, (2) via a public tender offer addressed to all shareholders or via a public request for offers of sale addressed to the company's shareholders, (3) by issuing tender rights to shareholders or (4) using derivatives (put options, call options, forward purchases or a combination of put options, call options and forward purchases). The full and exact wording of the authorisation to acquire treasury shares, and particularly the permissible uses to which the shares may be put, can be found in items 6 and 7 of the agenda for the Annual General Meeting held on 8 May 2019.

The following material agreements of the Company are subject to a change of control following a takeover bid:

- On 28 March 2017, Deutsche Börse AG and its subsidiary Clearstream Banking S.A. entered into a multicurrency revolving facility agreement with a banking syndicate for a working capital credit totalling up to €750.0 million. If there is a change of control, the credit relationship between Deutsche Börse AG and the lenders can be reviewed in negotiations within a period of no more than 60 days. In this process, each lender has the right, at its own discretion, to terminate its credit commitment and demand partial or full repayment of the amounts owing to it. A change of control occurs if Deutsche Börse AG no longer directly or indirectly holds the majority of Clearstream Banking S.A. or if a person or a group of persons acting in concert acquires more than 50 per cent of the voting shares of Deutsche Börse AG.
- Under the terms of Deutsche Börse AG's €600.0 million fixed-rate bond issue 2015/2041 (hybrid bond), Deutsche Börse AG has a termination right in the event of a change of control which, if exercised, entitles Deutsche Börse AG to redeem the bonds at par, plus accrued interest. If Deutsche Börse AG does not exercise this termination right, the affected bonds' coupon will increase by 5 percentage points. A change of control occurs if a person or a group of persons acting in concert, or third parties acting on their behalf, has or have acquired more than 50 per cent of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent of the voting rights at Annual General Meetings of Deutsche Börse AG. In addition, the relevant bond terms require that the change of control must adversely affect the long-term rating given to Deutsche Börse AG by Moody's Investors Services, Inc., S&P Global Ratings or Fitch Ratings Limited. Further details can be found in the applicable bond terms.
- The terms of the €500.0 million fixed-rate bonds 2015/2025, the €600.0 million fixed-rate bonds 2018/2028, and the €600.0 million fixed-rate bonds 2012/2022, which were all issued by Deutsche Börse AG, all provide Deutsche Börse AG with a termination right in the event of a change of control. If these cancellation rights are exercised, the bonds are repayable at par plus any accrued interest. A change of control occurs if a person or a group of persons acting in concert, or third parties acting on their behalf, has or have acquired more than 50 per cent of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent of the voting rights at Annual General Meetings of Deutsche Börse AG. In addition, the respective sets of bond terms require that the change of control must adversely affect the rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's Investors Services, Inc., S&P Global Ratings or Fitch Ratings Limited. Further details can be found in the applicable bond terms.
- Based on the previous remuneration system for Executive Board members presented to the Annual General Meeting 2016, under certain conditions the Executive Board members of Deutsche Börse AG

have a special termination right in the event of a change of control. According to the agreements made with all Executive Board members, a change of control occurs if (1) a shareholder or third party discloses possession of more than 50 per cent of the voting rights in Deutsche Börse AG in accordance with sections 33 and 34 of the German Securities Trading Act (WpHG), (2) an intercompany agreement in accordance with Section 291 of the AktG is entered into with Deutsche Börse AG as a dependent company, or Deutsche Börse AG is absorbed in accordance with section 319 of the AktG, or (3) Deutsche Börse AG is merged in accordance with Section 2 of the German Transformation Act (UmwG).

Moreover, there are agreements in place with the Executive Board members under the existing remuneration system, which provide for compensation in the event of a change of control. A description of these agreements, which are in line with national and international practice, can be found in the [remuneration report](#).

Report on economic position

Macroeconomic and sector-specific environment

Macroeconomic conditions continue to have an influence on the business development of Deutsche Börse Group despite the growing importance of structural growth factors. The macroeconomic environment during the year under review was rather complex; whilst some factors had a stimulating effect on business, other factors unsettled market participants, dampening their business activity:

- The global economic situation, with a slight downward trend in economic output in the economies relevant to Deutsche Börse Group (Central Europe, USA) in the year under review. The European Central Bank's (ECB) continued persevering of its low-interest-rate policy, with deposit rates at minus 0.5 per cent, and the resumption of its bond-buying programme as part of its quantitative easing policy (QE).
- The US Federal Reserve's (Fed) monetary policy measures to counteract a possible economic downturn, which were accompanied by interest rate cuts of 25 basis points each in July, September and October.
- The lower level of stable volatility on equity markets – as measured by the VDAX® index – is one of the key drivers of trading activity on the cash and derivatives markets.
- The stability of the economic situation in the euro area continued over the course of the year, although the economic outlook became increasingly gloomy, particularly in the second half of 2019. This was accompanied by persistent uncertainty regarding the terms of the United Kingdom's withdrawal from the EU and its impact on markets.
- The trade dispute between the US and the EU, China, and other major trading partners, and the trade tariffs imposed on commodity or goods imports by the respective parties, fuelled concerns over a global trade war.
- Continued unstable political conditions in some parts of Eastern Europe and recurring flashpoints in the Arab world and their impact on the Western world.
- Regulatory projects and the resulting stricter requirements for capital market participants

Business developments

Given the overall framework conditions described at the beginning of the report on the economic position, the situation on the capital markets for financial service providers such as Deutsche Börse Group in the reporting year was challenging compared with the previous year. Already at the beginning

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Getty Images/instamatics

Financial reporting system

Combined management report, consolidated financial statements and notes produced in-house using firesys and SmartNotes.

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