

Report of the Supervisory Board



Joachim Faber
Chairman of the Supervisory Board

In the year under review, the Supervisory Board of Deutsche Börse AG held in-depth discussions on the position and prospects of the company and performed its duties in accordance with the law and the Articles of Association. We regularly advised the Executive Board on the management of the company and monitored its work; we were involved in all fundamental decisions. Where required by law, the Articles of Association, or the bylaws, we adopted resolutions following thorough examination.

In total, there were six regular and two extraordinary plenary meetings in 2014. In addition, two strategy workshops were held in which we discussed Deutsche Börse Group's growth strategy and the competitive environment in detail.

At our meetings, the Executive Board provided us with comprehensive and timely information—verbally and in writing—in line with the legal requirements on the course of business, the position of the company and the Group (including the risk situation, risk management and compliance), as well as on the company's strategy and planning. We discussed all transactions significant for the company in the plenary meetings and in the Supervisory Board committees, based on the reports of the Executive Board.

The high frequency of both plenary and committee meetings facilitated an active exchange of information between the Supervisory Board and the Executive Board. The Executive Board also reported on individual issues in written reports and discussed individual topics with us between meetings. In addition, the Chief Executive Officer kept the Chairman of the Supervisory Board informed at all times about current developments relating to the company's business, significant transactions, upcoming decisions, as well as the long-term outlook and thoughts on emerging developments, and discussed these matters with him.

The Executive Board submitted all measures requiring Supervisory Board approval in accordance with the law, the Articles of Association, or the bylaws to the Supervisory Board, and the Supervisory Board approved these measures. The Supervisory Board also assured itself that the Executive Board's actions were lawful, due and proper, and appropriate.

All members of the Supervisory Board attended at least half of the Supervisory Board meetings in 2014. The members of the Supervisory Board participated in the Supervisory Board meetings and the committees as follows:

Attendance of Supervisory Board members at meetings in 2014

Name	Meetings (incl. committees)	Meeting attendance	%
Joachim Faber	21	21	100
Richard Berliand	17	17	100
Irmtraud Busch	12	12	100
Karl-Heinz Floether	15	15	100
Marion Fornoff	13	11	85
Hans-Peter Gabe	11	11	100
Richard M. Hayden	16	15	94
Craig Heimark	14	14	100
David Krell	12	12	100
Monica Mächler	12	12	100
Friedrich Merz	17	17	100
Thomas Neißé	12	10	83
Heinz-Joachim Neubürger	20	20	100
Gerhard Roggemann	19	19	100
Erhard Schipporeit	17	17	100
Jutta Stuhlfauth	11	11	100
Martin Ulrici	12	11	92
Johannes Witt	17	17	100
Average attendance rate			97

Topics addressed in plenary meetings of the Supervisory Board

In the year under review, the Executive Board provided us with comprehensive information about strategic growth options, especially in Asia. We kept a close eye on regulatory developments at national, European and global level and discussed their potential impact on Deutsche Börse Group's business model. We also debated the opportunities and risks that may arise for Deutsche Börse Group from regulatory developments. Another focus of our Supervisory Board work was to prepare for generational change on the Executive Board of Deutsche Börse AG: we appointed Carsten Kengeter as the designated successor to the Chief Executive Officer of Deutsche Börse AG, Reto Francioni. Mr Francioni will retire from the Executive Board on 31 May 2015 and will hand over the chairmanship to Mr Kengeter, effective 1 June 2015. We took these decisions by mutual agreement, and in close consultation, with Mr Francioni. Another focal point of our work was our discussion of the enhancements to Deutsche Börse Group's compliance and risk management system.

The Executive Board regularly informed us about Deutsche Börse AG's share price performance, including in comparison to its competitors. Moreover, the Executive Board reported on the business performance, financial position and results of operations of Deutsche Börse AG, its affiliated companies and Deutsche Börse Group as a whole.

Our plenary meetings focused in particular on the following issues during the reporting period:

At our first **regular meeting** for the reporting period on **19 February 2014**, we addressed in detail the preliminary results for financial year 2013 and the dividend proposed by the Executive Board for that year. We also resolved the amount of the variable remuneration of the Executive Board for financial year 2013 following in-depth discussion. We discussed the list of measures requiring Supervisory Board approval in the bylaws for the Executive Board as well as the responsibilities of the Supervisory Board committees. In addition, we resolved to establish an interim Supervisory Board committee to monitor the implementation of the measures for optimising Deutsche Börse Group's risk management and risk governance that are set out in a risk management roadmap for the period until the end of Deutsche Börse AG's Annual General Meeting in 2015.

At the **regular meeting on 5 March 2014**, we discussed in particular the company's annual financial statements and consolidated financial statements for 2013 plus the combined management report; the auditors were present for this. The 2013 annual financial statements and consolidated financial statements were approved in line with the recommendation by the Audit Committee, which had previously conducted an in-depth examination of the documents. The report of the Supervisory Board for 2013 and the agenda for the 2014 Annual General Meeting were also resolved. We decided to propose to the Annual General Meeting on 15 May 2014 that the size of the Supervisory Board of Deutsche Börse AG be reduced from the present figure of 18 members to twelve, effective from the end of the current period of office. We discussed in detail the review of the appropriateness of the Executive Board's remuneration and specified the target consolidated net income for 2014 as the basis for determining the variable cash component for members of the Executive Board for financial year 2014. In addition, we addressed the status of our IT reorganisation.

At the **regular meeting** held directly before the Annual General Meeting on **15 May 2014**, we discussed the upcoming Annual General Meeting with the Executive Board. The Executive Board reported to us on the investigation by the United States Attorney for the Southern District of New York against Clearstream Banking S.A. in connection with alleged violations of US anti-money laundering and sanction regulations. In addition, we approved the engagement of the law firm Mayer Brown LLP, where Supervisory Board member Friedrich Merz is a senior counsel, by International Securities Exchange, LLC in the area of intellectual property rights protection. See also the [§ section entitled "Management of individual conflicts of interest"](#).

At the **regular meeting on 26 June 2014**, we discussed strategic options relating to derivatives as well as clearing and settlement, the status of collateral management for clearing transactions and the status of clearing for OTC transactions as part of TARGET2-Securities (T2S). In addition, the Executive Board provided an update on the investigation by the US District Attorney's Office against Clearstream Banking S.A.

At the **regular meeting on 25 September 2014**, the Executive Board provided us with in-depth information on the implementation status of the Risk Management Roadmap. We addressed in detail Deutsche Börse Group's regulatory strategy. In this context, we discussed the European Commission's proposal for the regulation of indices, the Markets in Financial Instruments Directive (MiFID II/MiFIR), the European Market Infrastructure Regulation including the relevant implementing technical standards (EMIR/ESMA), the Central Securities Depository Regulation (CSDR), the Capital Requirements Directive (CRD IV), as well as the financial transaction tax and the regulation of high-frequency trading.

At the **extraordinary meeting on 27 October 2014**, we dealt exclusively with succession planning for Deutsche Börse AG's Executive Board. We appointed Carsten Kengeter as a member of the Executive Board for a three-year term effective 4 April 2015. Mr Kengeter will assume the chairmanship from Reto Francioni with effect from 1 June 2015. We resolved to terminate the contract with our long-serving Chief Executive Officer, Mr Francioni, ahead of schedule by mutual agreement effective 31 May 2015 as well as to terminate the appointment of Deputy Chief Executive Officer, Andreas Preuss, by mutual consent with immediate effect and to reappoint him, also with immediate effect, for another term until 31 May 2018.

At the **regular meeting on 1 December 2014**, we addressed Group-wide innovation strategies and discussed Deutsche Börse Group's risk management. We also discussed the political communication strategy and its implementation in 2015 with the Executive Board. Moreover, at the recommendation of the Personnel Committee we reappointed Hauke Stars as a member of the Executive Board for another five-year term. Furthermore, we discussed the results of our annual efficiency audit in accordance with section 5.6 of the German Corporate Governance Code and discussed and adopted the 2015 budget. We also resolved the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) for the reporting period. The declaration of conformity is available at www.deutsche-boerse.com/declconformity.

At the **extraordinary meeting on 1 December 2014**, the Executive Board reported on the concept for dissolving the structure established in connection with the financing of the acquisition of International Securities Exchange Holdings, Inc. in 2007. Following in-depth discussion, we adopted a resolution on this issue.

Work of the committees

The Supervisory Board had a total of seven committees in the year under review. The committees are primarily responsible for preparing the decisions to be taken by and topics to be discussed in the plenary meetings. Additionally, the Supervisory Board has delegated individual decision-making powers to the committees, to the extent that this is legally permissible. The individual committee chairs provided detailed reports of the work of their committees at the plenary meetings. The Chairman of the Supervisory Board chairs the Personnel Committee, the Nomination Committee and the Strategy Committee. The detailed composition and duties of the Supervisory Board committees in the year under review can be found in the [Corporate governance declaration](#) in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code).

The Audit Committee convened six regular meetings and held one workshop in 2014. The Personnel Committee met five times in 2014, while the Nomination Committee met three times. The Strategy Committee held two regular meetings and one extraordinary meeting in 2014. The Technology Committee met four times in 2014. The Clearing and Settlement Committee held three meetings in 2014. The interim committee established to monitor the implementation of the Risk Management Roadmap convened two meetings in 2014. In addition, the Audit Committee and the Clearing and Settlement Committee held one joint meeting, which focused on compliance with sanctions regimes.

The committees dealt with the following issues in particular:

Audit Committee

- Accounting: Examination, in the presence of the auditors, of the annual financial statements of Deutsche Börse AG and of the Group, of the combined management report and the audit report, as well as of the half-yearly financial report and the quarterly reports
- Auditor: Obtaining the statement of independence from the auditor, issue of the engagement letter to the auditor and preparation of the Supervisory Board's proposal to the Annual General Meeting regarding the election of the auditors. Agreement on the auditor's fee and definition of the areas of emphasis for the audit
- Internal control systems: Discussion of questions regarding risk management, compliance as well as the internal control and auditing system. The committee was informed about these topics—including the methods and systems used and their efficiency, adequacy and effectiveness—throughout the entire reporting period and discussed them in detail.
- Discussion of Deutsche Börse Group's dividend and budget
- Discussion and definition of the Audit Committee's tasks
- Preparation of the Supervisory Board's resolution on the corporate governance report and the remuneration report as well as on the corporate governance declaration in accordance with section 289a of the HGB and the declaration of conformity in accordance with section 161 of the AktG

Personnel Committee

- Executive Board remuneration: Discussion of the degree to which the members of the Executive Board had achieved their targets; determination of the variable cash component for 2013; definition of the target consolidated net income for 2014 as the basis for determining the variable cash component for members of the Executive Board; adoption of the individual targets for the members of the Executive Board for 2015; discussion of the remuneration report; review of the appropriateness of the Executive Board remuneration and of their pensionable income
- Personnel matters: Process for selecting a successor to the Chief Executive Officer with external support. Preparation of a recommendation to the plenary meeting that it appoint Carsten Kengeter as a member and chairman of the Executive Board, for the termination ahead of schedule, by mutual agreement, of the appointment and contract of service of Mr Francioni, for the termination with immediate effect of the appointment of Deputy Chief Executive Officer Andreas Preuss' and his immediate reappointment as Deputy Chief Executive Officer for another term until 31 May 2018 and the reappointment of Hauke Stars as a member of the Executive Board
- Preparation of a recommendation to the plenary meeting for a reduction in the size of the Supervisory Board
- Discussion of the impact of the CRD IV Regulation on the remuneration system
- Discussion of the results of the employee survey conducted in 2013 and the resulting measures
- Approval of Andreas Preuss' re-election to the Board of Directors of the World Federation of Exchanges (WFE)

Nomination Committee

Preparation of the election by the Annual General Meeting in 2015 of the shareholder representatives on the Supervisory Board with the support of an external consultant:

- Basis for selecting candidates: the qualification profile for the composition of the Supervisory Board resolved by the plenary meeting; for details see the [corporate governance report](#)
- Special emphasis on "diversity" and "Asian market experience"

Strategy Committee

- Discussion of current strategic projects and growth initiatives
- Medium-term strategy planning, taking into account regulatory developments
- Discussion of the innovation strategy

Technology Committee

- In-depth discussion of the implementation of the reorganisation of Deutsche Börse Group's information technology and the enhancement of its trading and post-trading systems
- Discussion of Deutsche Börse Group's IT security, IT risk management, IT sourcing strategy and cloud strategy
- Discussion of the IT budget for 2015

Clearing and Settlement Committee

- Discussion of Deutsche Börse Group's initiatives in the area of securities settlement
- Discussion of current regulatory developments
- Examination of the Global Liquidity Hub (platform for liquidity and risk management), T2S and post-trade services for OTC (over-the-counter) markets
- Discussion of developments in the OTC clearing business
- Discussion of the clearing roadmap initiative
- Examination of the implementation of and compliance with sanctions against specific states and legal persons

Interim Risk Management Roadmap Committee

- Discussion of the Executive Board's report on the implementation of the measures to optimise risk management and risk governance
- Examination of Deutsche Börse Group's risk strategy and risk appetite and of the special risk profile of regulated Group companies
- Discussion of the operational risk management system and risk metrics

Audit of the annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), domiciled in Berlin, audited the annual financial statements of Deutsche Börse AG and the consolidated financial statements, as well as the combined management report for the financial year ended 31 December 2014, together with the accounting system, and issued an unqualified audit opinion. The condensed financial statements and interim management report contained in the half-yearly financial report for the first six months of 2014 were reviewed by KPMG. The documents relating to the financial statements and the reports by KPMG were submitted to us for examination in a timely manner. The lead auditors, Karl Braun (CMO, member of the Board, KPMG) and Andreas Dielehner (Partner, KPMG), attended the relevant meetings of the Audit Committee and the plenary meeting of the Supervisory Board to approve the financial statements. The auditors reported on the key results of the audit, elaborated in particular on the net assets, financial position and results of operations of the company and Group, and were available to provide supplementary information. The auditors also reported that no significant weaknesses in the control and risk management systems had been found, in particular with respect to the financial reporting process. The audit of compliance with all relevant statutory provisions and regulatory requirements did not give rise to any objections. KPMG provided information on other services that were rendered in addition to audit services. There were no grounds for suspecting impairment of the auditors' independence.

The Audit Committee discussed the financial statement documents and the reports by KPMG in detail with the auditor and examined them carefully itself. It is satisfied that the reports meet the statutory requirements under sections 317 and 321 of the HGB in particular. The Committee reported to the Supervisory Board on its examination and recommended that it approve the annual financial statements and consolidated financial statements.

Our own examination of the annual financial statements, the consolidated financial statements and the combined management report for 2014 in a plenary meeting did not lead to any objections and we concurred with the results of the audit performed by the auditor. We approved the annual financial statements prepared by the Executive Board and the consolidated financial statements at our meeting on 6 March 2015 in line with the Audit Committee's recommendation. The annual financial statements of Deutsche Börse AG has thus been adopted.

The Audit Committee discussed the Executive Board's proposal for the appropriation of the unappropriated surplus in detail with the Executive Board, in particular in view of the company's liquidity and financial planning as well as taking into account shareholders' interests. Following this discussion and its own examination, the Audit Committee approved the Executive Board's proposal for the appropriation of the unappropriated surplus. After examining this ourselves, we also approved the Executive Board's proposal in the plenary meeting of the Supervisory Board.

Composition of the boards

In relation to the Executive Board, we resolved the following in 2014 at the recommendation of the Personnel Committee:

- We appointed Carsten Kengeter as a member of the Executive Board for a three-year term effective 4 April 2015. Mr Kengeter will assume the chairmanship from Reto Francioni with effect from 1 June 2015.
- We resolved to terminate the contract with our long-serving Chief Executive Officer, Reto Francioni, ahead of schedule by mutual agreement effective 31 May 2015.
- We resolved to terminate the appointment of Deputy Chief Executive Officer, Andreas Preuss, by mutual consent with immediate effect and to reappoint him, also with immediate effect, for another term until 31 May 2018.
- We reappointed Hauke Stars for a term of five years.

No changes were made to the Supervisory Board in the year 2014.

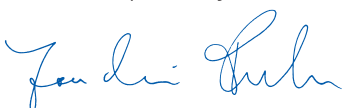
Management of individual conflicts of interest

On 15 May 2014, we approved the engagement of Mayer Brown LLP by International Securities Exchange, LLC to provide legal services in the area of intellectual property rights protection. Friedrich Merz, who is a senior counsel at Mayer Brown, did not take part in the discussion of the engagement nor did he take part in the vote by the Supervisory Board on this matter.

The Supervisory Board would like to thank the Executive Board and all employees for their dedication and achievements in 2014.

At the beginning of February 2015, we were deeply saddened by the death of our Supervisory Board colleague, Heinz-Joachim Neubürger. Mr Neubürger, who the Nomination Committee had already proposed as a candidate for the election of the new Supervisory Board, was a valuable member of the board, both as a person and in his professional capacity. We will honour his memory.

Frankfurt/Main, 6 March 2015
For the Supervisory Board:



Joachim Faber
Chairman of the Supervisory Board