

## 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 each resolution following thorough examination.

There were ten plenary meetings altogether in 2013, six of which were regular and four of which were extraordinary. In addition, two strategy workshops were held in which the Supervisory Board discussed Deutsche Börse Group's growth strategy 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 lively exchange 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 Chairman of the Executive Board continually informed the Chairman of the Supervisory Board about current developments in the company's business, significant transactions, upcoming decisions, and the long-term outlook and thoughts on potential developments, and discussed these matters with him.

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

Each member of the Supervisory Board attended at least half of the Supervisory Board meetings in 2013. 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 2013

Name	Meetings (incl. committees)	Meeting attendance	%
Joachim Faber	17	17	100
Richard Berliand	17	16	94
Irmtraud Busch	13	12	92
Karl-Heinz Floether	18	18	100
Marion Fornoff	13	11	85
Hans-Peter Gabe	14	8	57
Richard M. Hayden	13	13	100
Craig Heimark	14	12	86
David Krell	14	14	100
Monica Mächler	13	13	100
Friedrich Merz	19	14	74
Thomas Neiße	13	11	85
Heinz-Joachim Neubürger	23	23	100
Gerhard Roggemann	17	15	88
Erhard Schipporeit	19	19	100
Jutta Stuhlfauth	14	12	86
Martin Ulrici	14	14	100
Johannes Witt	19	17	89
<b>Average attendance rate</b>			<b>91</b>

### Focus of the work of the Supervisory Board

The Executive Board continually informed the Supervisory Board about current developments and initiatives. Projects relevant to the company, market developments and regulatory changes were discussed.

In the year under review, our work focused on strategic growth initiatives in Asia, particularly for the companies of the Eurex and Clearstream subgroups. Another focus was the reorientation of Deutsche Börse Group's information technology, as well as cross-divisional strategic initiatives, particularly in clearing and custody. The third focus of our discussions was the question of how the internal control system, including compliance and risk management processes, could be expanded and strengthened.

We also kept a close eye on regulatory developments at national and European levels and discussed their potential impact on Deutsche Börse Group's business model. In relation to this, we discussed the European Market Infrastructure Regulation (EMIR), the revision of the Markets in Financial Instruments Directive (MiFID II/MiFIR), the Central Securities Depositories Regulation (CSDR), the Capital Requirements Directive (CRD IV), as well as the financial transaction tax (FTT) and the regulation of high-frequency trading (HFT) at a national level.

During the year under review, we also held in-depth discussions on the investigation by the US Treasury Department's Office of Foreign Assets Control (OFAC) due to alleged violations of US sanctions by Clearstream Banking S.A. (Clearstream) and the measures to further strengthen the compliance functions. As part of the investigation, OFAC examined the maintenance of an omnibus account by Clearstream in the United States, as well as certain securities transfers within Clearstream's settlement system in 2008. These securities transfers were connected with a decision taken by Clearstream in 2007 to close its Iranian customers' accounts. We received a number of in-depth reports from the

Executive Board about the status of this investigation in 2013. We carefully reviewed the settlement that resolved the matter without determining any violation by Clearstream, and then approved its signature at our extraordinary meeting on 7 November 2013.

e also held extensive discussions in the reporting period on a settlement that Clearstream reached with US plaintiffs. In 2008, enforcement proceedings were initiated against Clearstream in the USA. The enforcement proceedings were based on judgements which several groups of plaintiffs had successfully brought against Iran. During the enforcement proceedings, the plaintiffs restrained certain positions in Clearstream's custody account with its US intermediary bank and applied for these assets to be turned over. In addition, the plaintiffs had filed direct claims for damages in the amount of US\$250 million against Clearstream in 2011 in connection with an alleged unauthorised transfer of the restrained positions. We also carefully reviewed this settlement, which provides for the dismissal of these direct damages claims against Clearstream in particular, and approved its signature at our extraordinary meeting on 9 September 2013.

We were also regularly informed about Deutsche Börse AG's share price performance, also 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 on the following issues during the reporting period:

At our first **regular meeting** for the reporting period **on 19 February 2013**, we addressed the preliminary results for financial year 2012 and the dividend proposed by the Executive Board for 2012. We also resolved the amount of the variable remuneration of the Executive Board for financial year 2012 following in-depth discussion. We approved the revised version of the budget for 2013 and discussed a status report on current litigation and the OFAC investigation. Furthermore, the Supervisory Board adopted the corporate governance declaration in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code) as well as the corporate governance report and the 2012 remuneration report.

At the **regular meeting on 13 March 2013**, we discussed the company's annual financial statements and the 2012 consolidated financial statements plus the combined management report; the auditors were present for this. The 2012 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 2012 and the agenda for the 2013 Annual General Meeting were also resolved. After reviewing the appropriateness of the Executive Board's remuneration, we specified the target consolidated net income for 2013 as the basis for determining the variable cash component for members of the Executive Board for financial year 2013.

At the **regular meeting** held directly before the Annual General Meeting **on 15 May 2013**, we reappointed Andreas Preuss as a member and Deputy Chairman of the Executive Board. We also discussed the upcoming Annual General Meeting with the Executive Board.

At the **regular meeting on 13 June 2013**, we once again held in-depth discussions on the OFAC investigation, strategic initiatives and a communication and image campaign for Deutsche Börse AG.

Following the regular meeting, an **extraordinary meeting** was held on **13 June 2013**, at which we addressed regulatory questions raised by the US subsidiary International Securities Exchange (ISE).

At the **extraordinary meeting on 27 June 2013**, we approved the signature of a legal consulting agreement with Mayer Brown LLP, of which Supervisory Board member Friedrich Merz is a partner. Mayer Brown LLP was engaged to provide short-term support in the ongoing negotiations with OFAC. See also the [☒](#) section entitled “Management of individual conflicts of interest”.

At an additional **extraordinary meeting on 9 September 2013**, we approved the conditions of Clearstream's settlement with US plaintiffs after careful examination. The Supervisory Board held in-depth discussion on the substance of the settlement, which provides in particular for the dismissal of the direct claims against Clearstream in the amount of US\$250 million. In return, Clearstream committed to discontinue its action seeking to prevent the surrender of the restrained positions to the plaintiffs.

At the **regular meeting on 19 September 2013**, the Executive Board informed us about the status of the strategic growth initiatives in Asia. We also addressed measures to strengthen the organisation of Group Compliance, as well as data security issues and the measures implemented by Deutsche Börse Group to combat cyber attacks. Furthermore, we resolved that the efficiency audit for 2013 in accordance with no. 5.6 of the German Corporate Governance Code be supervised and supported by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. In addition, we again addressed the status of the OFAC investigation and the settlement with US plaintiffs.

At the **extraordinary meeting on 7 November 2013**, we resolved, after careful examination, to approve the settlement-based termination of the OFAC investigation against payment of US\$151.9 million by Clearstream.

At the **regular meeting on 3 December 2013**, we addressed strategic initiatives, as well as the strategic capital and financing frameworks. We held in-depth discussions on the reorientation of information technology and the measures implemented by the Executive Board in relation to this. Furthermore, we discussed the results of the 2013 efficiency audit and adopted the 2014 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 and the introduction of a deductible for the Supervisory Board's D&O insurance. The declaration of conformity is available at [☒ www.deutsche-boerse.com/declconformity](http://www.deutsche-boerse.com/declconformity).

At the **regular meeting on 19 February 2014**, we resolved to establish an interim Supervisory Board committee Risk Management Roadmap. The committee shall, in particular, have the task of monitoring the implementation to optimise the risk management of Deutsche Börse Group. The committee has been established for the period until the end of the Annual General Meeting of Deutsche Börse AG in 2015.

### Work of the committees

In the year under review, the Supervisory Board has a total of six committees, which are primarily responsible for preparing the decisions 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. Each of the committee chairs provided detailed reports of committee work 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 exact working methods of all 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 HGB.

The Personnel Committee met three times in the year under review, while the Strategy Committee met four times. The Audit Committee convened six regular meetings and three extraordinary meetings in 2013. The Technology Committee met four times. The Clearing and Settlement Committee held three meetings in 2013. The Nomination Committee did not need to convene any meetings in the year under review. The following issues were dealt with by the committees:

#### **Personnel Committee**

- Discussion of target achievement to determine the amount of variable remuneration for the members of the Executive Board for 2012 and discussion of the 2012 remuneration report
- Definition of the target consolidated net income for 2013 as a criterion for determining the variable cash component for members of the Executive Board
- Preparation of a proposal to the plenary meeting to determine the 2013 target remuneration for the Executive Board
- Review of the appropriateness of the Executive Board remuneration and the pensionable income
- Preparation of a recommendation to the plenary meeting for the reappointment of Mr Andreas Preuss as a member of the Executive Board and Deputy Chairman of the Executive Board
- Adoption of the individual targets of members of the Executive Board for 2014
- Discussion of succession planning in Deutsche Börse Group's upper and middle management
- Discussion of the introduction of a deductible for the D&O insurance of the members of the Supervisory Board

#### **Strategy Committee**

- Analysis of current strategic projects and growth initiatives, particularly in Asia
- Strategic reorientation of Deutsche Börse Group's information technology
- Medium-term strategy planning, taking into account regulatory developments

#### **Audit Committee**

- Discussion of the annual financial statements and consolidated financial statements, as well as the combined management report and the audit report for financial year 2012, in the presence of the auditors
- Preparation of the Supervisory Board's resolution on the 2012 corporate governance report and the remuneration report and on the corporate governance declaration in accordance with section 289a of the HGB
- Discussion of the dividend for financial year 2012
- Discussion of the interim reports for the first and third quarters of 2013 and the half-yearly financial report for the first half of 2013
- Obtaining the statement of independence from the auditors
- Preparation of the Supervisory Board's proposal to the Annual General Meeting in May 2013 to elect the auditors and agree on the audit fee
- Discussion of Deutsche Börse Group's reports on risk management and compliance, the reports on the internal control system and the internal audit report. The committee was informed about these topics – including the methods and systems applied and their efficiency, adequacy and effectiveness – throughout the entire reporting period and discussed them in detail
- Commissioning of an external review of Deutsche Börse Group's compliance function
- Extensive discussion of the various compliance initiatives to further strengthen the compliance functions
- Establishment of the focus of the audit for 2013
- Discussion of the declaration of conformity for 2013
- Discussion of Deutsche Börse Group's budget for 2014 and the report on compliance and the internal auditing system
- Discussion and definition of the Audit Committee's tasks for 2014

### Technology Committee

- In-depth discussion of the reorientation of Deutsche Börse Group's information technology and the enhancement of trading and post-trading systems
- Discussion of Deutsche Börse Group's information security management
- Discussion of the IT budget for 2014

### Clearing and Settlement Committee

- In-depth discussion of the settlements between Clearstream and OFAC and between Clearstream and the US plaintiffs (see [page 58f.](#))
- Discussion of Deutsche Börse Group's initiatives in the area of securities settlement
- Examination of the Global Liquidity Hub (platform for liquidity and risk management), TARGET2-Securities and post-trade services for OTC markets
- Discussion of current regulatory developments, e.g. EMIR

### 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 2013, 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 2013 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 auditor attended the relevant meetings of the Audit Committee and the plenary meeting of the Supervisory Board to approve the annual financial statements. The auditor 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 was available to provide supplementary information. The auditor 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 auditor's independence.

The Audit Committee discussed the financial statement documents and the reports by KPMG in detail with the auditors 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 2013 in a plenary meeting did not lead to any objections and we concurred with the results of the audit performed by the auditors. We approved the annual financial statements prepared by the Executive Board and the consolidated financial statements at our meeting on 5 March 2014 in line with the Audit Committee's recommendation. The annual financial statements of Deutsche Börse AG are thereby 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 a plenary meeting of the Supervisory Board.

### Composition of the boards

While there were no changes to the composition of the Supervisory Board in the period under review, the following changes were made to the Executive Board:

- The term of office of Executive Board member Frank Gerstenschläger ended by mutual agreement effective 31 March 2013. We expressed our thanks to Mr Gerstenschläger for his service and commitment.
- At the Supervisory Board meeting on 15 May 2013, we reappointed Andreas Preuss for a three-year term of office and again appointed him as Deputy Chairman of the Executive Board.

### Management of individual conflicts of interest

On 11 June 2012, we approved the agreement on the provision of advisory services relating to the development of new products and services in the area of derivatives trading and clearing with Richard Berliand Limited, whose managing director Richard Berliand is a member of the Supervisory Board. Mr Berliand was neither present when the extension of the consulting agreement was discussed by the Supervisory Board, nor did he participate in the resolution on the consulting agreement. The agreement expired effective 30 June 2013.

On 19 February 2013, we approved a consulting agreement between Deutsche Börse AG and the IT advisory firm Cohesive Flexible Technologies Corporation (Cohesive FT). Supervisory Board member Craig Heimark, who holds an interest in Cohesive FT, did not participate in the discussion about engaging Cohesive FT and the resolution on approving this agreement due to a possible conflict of interests. The agreement expired during the year under review.

During financial year 2013, the international law firm Mayer Brown LLP provided advice relating to the OFAC settlement. Supervisory Board member Friedrich Merz is a partner of Mayer Brown LLP. The Supervisory Board approved the engagement of Mayer Brown at its extraordinary meeting on 27 June 2013. Mr Merz did not take part in either the discussion about the engagement of Mayer Brown LLP or in the Supervisory Board's engagement resolution.

The Supervisory Board would like to thank the Executive Board, all employees and the employee representatives for their dedication and achievements in 2013.

Frankfurt/Main, 5 March 2014  
For the Supervisory Board:



**Joachim Faber**  
Chairman of the Supervisory Board