

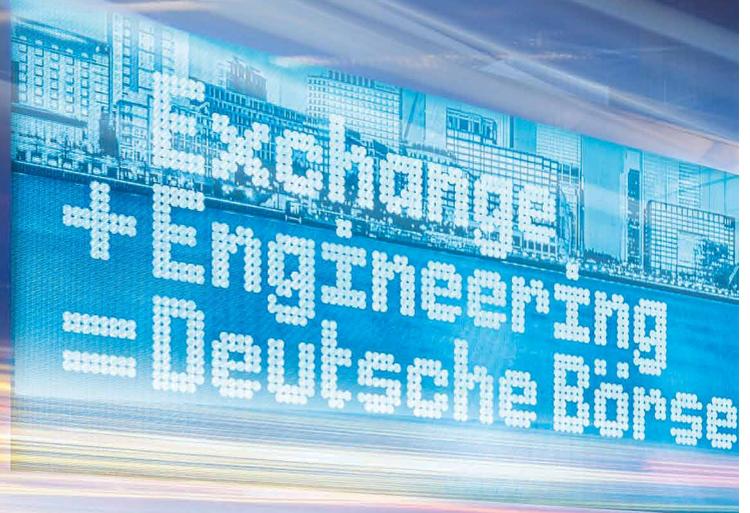


DEUTSCHE BÖRSE
GROUP

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Financial report 2015

Excerpt: report of the Supervisory Board



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, the Articles of Association and the bylaws. We regularly advised the Executive Board on the management of the company and monitored its work; we were involved in all fundamental decisions.

In total, there were ten plenary meetings in 2015, including three extraordinary sessions and one constituent meeting. In addition, a strategy workshop was held in which we discussed Deutsche Börse Group's growth strategy and analyst ratings.

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. Between meetings, the Executive Board also reported on individual issues in written reports and discussed individual topics with us. 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.

The members of the Supervisory Board attended at least half of the Supervisory Board meetings, and their respective committee meetings, in 2015. Mr Hayden whose term of office ended at the end of the Annual General Meeting (AGM) on 13 May 2015 was the only exception. Although he attended all of his respective committee meetings (three meetings), he missed three out of the four Supervisory Board meetings held in 2015 during his term of office. In total, his attendance rate was above 50 per cent. The average attendance rate of all Supervisory Board members in the year under review stood at 91 per cent considering all Supervisory Board and committee meetings.

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 2015

| Name | Meetings (incl. committees) ¹⁾ | Meeting attendance | % |
|---|--|--------------------|-----------|
| Joachim Faber | 26 | 26 | 100 |
| Richard Berliand | 19 | 18 | 95 |
| Irmtraud Busch (until 13 May 2015) | 5 | 5 | 100 |
| Karl-Heinz Flöther | 20 | 20 | 100 |
| Marion Fornoff | 17 | 17 | 100 |
| Hans-Peter Gabe | 12 | 10 | 83 |
| Richard M. Hayden (until 13 May 2015) | 7 | 4 | 57 |
| Craig Heimark | 15 | 13 | 87 |
| David Krell (until 13 May 2015) | 5 | 5 | 100 |
| Monica Mächler | 16 | 16 | 100 |
| Friedrich Merz (until 13 May 2015) | 8 | 6 | 75 |
| Thomas Neißer (until 13 May 2015) | 5 | 5 | 100 |
| Heinz-Joachim Neubürger († 5 February 2015) ²⁾ | – | – | – |
| Gerhard Roggemann | 25 | 25 | 100 |
| Erhard Schipporeit | 19 | 18 | 95 |
| Jutta Stuhlfauth | 14 | 14 | 100 |
| Martin Ulrici (until 13 May 2015) | 5 | 3 | 60 |
| Johannes Witt | 20 | 18 | 90 |
| Amy Yip (since 13 May 2015) | 18 | 18 | 100 |
| Average attendance rate | | | 91 |

1) Attending workshops is optional for Supervisory Board members. Hence, attendance to workshops is not taken into account in the determination of the average attendance rate.

2) Mr Neubürger deceased before the first meeting in the year under review. His attendance to meetings is not taken into account in the determination of the average attendance rate.

Topics addressed in plenary meetings of the Supervisory Board

In the year under review, we discussed the Group-wide “Accelerate” growth programme in detail, which the Executive Board implemented after conducting an in-depth review of the strategy, organisational structures and business processes of Deutsche Börse. The Accelerate programme was launched with the objective of positioning Deutsche Börse on the global market of infrastructure providers with more ambition, effectiveness and flexibility than ever before and an increased focus on customer needs. The company embarked upon a broad range of specific initiatives in order to achieve the strategic objectives. We gave advice on and agreed to the acquisitions of STOXX Ltd., Indexium AG and 360T Beteiligungs GmbH.

After detailed discussions, we agreed to the transformation of Deutsche Börse AG into a European Company (Societas Europaea, SE). This step is one way of taking adequate account of the company's increasing internationalisation. We agree with the Executive Board's perception that the transformation of Deutsche Börse AG into an SE adequately reflects its international orientation as a global company with European roots.

Another focus of our Supervisory Board work was the preparation and introduction of a new remuneration system for the Executive Board, which will encourage Executive Board members to pursue the adopted growth strategy on a sustainable basis. Further information on the new remuneration system can be found in the [remuneration report](#).

In addition, 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 13 February 2015**, we addressed in detail the preliminary results for financial year 2014 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 2014 following in-depth discussion. We discussed the status of the joint ventures STOXX Ltd. and Indexium AG regarding inorganic growth options. Furthermore, we took resolutions on the corporate governance report and the 2014 corporate governance declaration. We re-appointed Jeffrey Tessler as a member of the Executive Board for a two-year term, effective 1 January 2016. We also discussed the Executive Board's report on various instruments for senior executive management and succession planning.

At the **extraordinary meeting on 13 February 2015**, we dealt with the planned third stock exchange of International Securities Exchange Holdings, Inc. (ISE), ISE Mercury, LLC, and took the necessary resolutions for its development.

At the **regular meeting on 6 March 2015**, we discussed the company's annual financial statements and consolidated financial statements for 2014 plus the combined management report; the auditors were present for this. We approved the 2014 annual financial statements and consolidated financial statements, after having carried out our own examination, in line with the recommendation by the Audit Committee, which had previously conducted an in-depth preparatory examination of the documents. The report of the Supervisory Board for 2014 and the agenda for the 2015 Annual General Meeting were also resolved. We discussed in detail the review of the appropriateness of the Executive Board's remuneration and specified the target consolidated net income for 2015 as the basis for determining the variable cash component for members of the Executive Board for financial year 2015. We also dealt with the IT strategy of Deutsche Börse Group as well as with selected compliance issues and the development of the Group-wide compliance function.

At the **regular meeting** held directly before the Annual General Meeting **on 13 May 2015**, we discussed the upcoming Annual General Meeting with the Executive Board.

Another Supervisory Board meeting was held **on 13 May 2015** immediately after the Annual General Meeting, being the **constituent meeting** of the newly elected Supervisory Board. Joachim Faber was elected Chairman and Richard Berliand Vice Chairman of the Supervisory Board. We resolved to establish a Supervisory Board Risk Committee and to dissolve the Clearing and Settlement Committee. Its duties and responsibilities will henceforth be covered by the new Risk Committee and the Technology Committee. The Supervisory Board elected the members of the committees and their chairmen, if applicable.

At the **regular meeting held on 16 June 2015**, the new Chief Executive Officer, Carsten Kengeter, who has been in office since 1 June 2015, informed the Supervisory Board on the plans for developing and implementing the Accelerate growth programme. We also discussed the status of negotiations with SIX Group AG regarding the planned full acquisition of STOXX Ltd. and Indexium AG. After extensive consultation, we approved the issue of one or several hybrid bonds with a total issuing volume of up to €0.7 billion. We addressed the topics of risk management and information security at Deutsche Börse Group. We resolved that the current female proportion of 33.33 per cent on the Supervisory Board and 20 per cent on the Executive Board of Deutsche Börse AG shall be maintained until 30 June 2017 as a minimum requirement. The Supervisory Board adheres to its goal of increasing the number of female members and executives. We also resolved an amendment to the Supervisory Board's bylaws governing the responsibilities of committees after the establishment of the Risk Committee.

At the **extraordinary meeting held on 20 July 2015**, the Executive Board informed us in detail about the strategic growth options in foreign exchange (FX) trading offered by the potential acquisition of the FX trading platform 360T. After extensive consultation, we approved the submission of a binding offer. We discussed the status of negotiations with SIX Group AG regarding the acquisition of STOXX Ltd. and Indexium AG and approved the financing concept.

At the **extraordinary meeting held on 27 July 2015**, we discussed the current status of negotiations with SIX Group AG regarding the planned full acquisition of STOXX Ltd. and Indexium AG and approved the acquisition of 49.9 per cent of STOXX Ltd. shares and 50.1 per cent of Indexium AG shares from SIX Group AG for an acquisition price of CHF650 million. The Executive Board informed us about the review of the strategy, organisational structures and business processes of Deutsche Börse Group and presented the basic points of the revised strategy and the Accelerate growth programme. After extensive discussion, we approved the strategy and plans presented by the Executive Board. Furthermore, we dealt with the remuneration system for the Executive Board and discussed and approved the changes to Jeffrey Tessler's contract of service in connection with his transfer to the Clearstream supervisory bodies.

At the **regular meeting held on 23 September 2015**, we resolved, after intensive consultation, the revision of the remuneration system for the Executive Board, which is the most important instrument for the implementation of the company's growth programme. We also resolved the transformation of Deutsche Börse AG into Deutsche Börse SE, including the respective change of legal form. We approved the long-term financing of the acquisition of 360T by issuing one or several bonds. The Executive Board informed us on new regulatory requirements by presenting a compliance report, and explained the corresponding measures taken in the compliance area. Furthermore, we discussed the annual efficiency audit in accordance with section 5.6 of the German Corporate Governance Code and resolved that the audit shall be performed internally. We also resolved a guideline for the reimbursement of Supervisory Board members' travel expenses.

At the **strategy workshop held on 20 November 2015**, we addressed the views of a selected analyst at Deutsche Börse Group. In addition, the Executive Board informed us on the implementation status of the Accelerate programme, the development of 360T Beteiligungs GmbH as well as Clearstream's business strategy.

At the **regular meeting held on 1 December 2015**, we addressed the Group-wide innovation culture and strategy, and discussed Deutsche Börse Group's risk management. We initially discussed the innovation culture and strategy of the Group. In addition, we addressed Eurex Clearing AG's capital structure and dealt with Deutsche Börse Group's investments. Based on the Personnel Committee's recommendations, we resolved adjustments to the Executive Board members' contracts of service in accordance with the new remuneration system. 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 2016 budget. We also approved an amendment to the Supervisory Board's bylaws, according to which the length of membership on the Supervisory Board follows section 5.4.1 (2) of the German Corporate Governance Code. We also resolved the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) for the 2015 reporting period. The declaration of conformity is available at www.deutsche-boerse.com/declconformity.

Work of the committees

The Supervisory Board had a total of seven committees in the year under review until the Annual General Meeting held on 13 May 2015. Since that date, the Supervisory Board has six committees, given that the Interim Risk Management Roadmap Committee was dissolved at the end of the 2015 AGM. 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 provide 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 committees dealt with the following issues in particular:

Audit Committee (six meetings in the year under review)

- Discussion of financial issues, in particular capital management
- 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 interim 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, discussion of the methods and systems used and their efficiency, adequacy and effectiveness
- 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

Nomination Committee (six meetings in the year under review)

- 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
- Preparation of the election by the Annual General Meeting in 2016 of the shareholder representatives on the Supervisory Board of Deutsche Börse SE (formation pending) with the support of an external consultant

Personnel Committee (seven meetings in the year under review)

- Executive Board remuneration: discussion of the degree to which the members of the Executive Board have achieved their targets; determination of the variable cash component for 2014; calculation of the target consolidated net income for 2015 as the basis for determining the variable cash component for members of the Executive Board; preliminary discussion of the degree to which individual members of the Executive Board have achieved/may achieve their targets for 2015; determination of the CEO targets for 2015; adoption of the individual targets for the members of the Executive Board for 2016; discussion of the remuneration report; review of the appropriateness of the Executive Board remuneration and of their pensionable income
- New remuneration system for the Executive Board: development and discussion of a decision template for the Supervisory Board; development of a decision template for the adjustment of the contracts of service of Executive Board members in accordance with the new remuneration system to be used for Supervisory Board resolutions
- Personnel matters: preparation of a recommendation to the Supervisory Board for the re-appointment of Jeffrey Tessler as a member of the Executive Board; approval of the assumption of a FICC Markets Standards Board mandate by Carsten Kengeter; approval of the re-election of Andreas Preuss as a member of the Board of Directors of the World Federation of Exchanges (WFE); approval of the assumption of a Board of Directors mandate at Kuehne + Nagel International AG by Hauke Stars
- Preparation of a proposal for the restructuring and election of members of the Supervisory Board's committees after the Annual General Meeting 2015
- Discussion of the Group-wide talent management and the succession planning for different executive levels
- Discussion of the expected salary growth of risk takers in accordance with CRD IV

Risk Committee (established on 13 May 2015, two meetings in the year under review)

- Discussion of quarterly compliance and risk management reports
- Short review of the development of the Group-wide compliance function and risk management
- Discussion of the capital requirements of Clearstream and Eurex Clearing
- Detailed discussion of the financial risks of Clearstream and Eurex Clearing

Strategy Committee (two meetings in the year under review)

- Discussion of the strategic realignment of Deutsche Börse Group
- Discussion of inorganic growth options, in particular regarding the full acquisition of STOXX Ltd. and Indexium AG from SIX Group AG as well as the acquisition of 360T Beteiligungs GmbH
- Discussion of the innovation strategy

Technology Committee (four meetings and one workshop in the year under review)

- 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 2016
- Discussion of the implementation of the Accelerate growth strategy in IT
- Intensive consideration of IT security issues during a dedicated workshop

Clearing and Settlement Committee (dissolved on 13 May 2015, one meeting in the year under review)

- Discussion of an analysis of Clearstream competitors
- Discussion of current regulatory developments

Interim Risk Management Roadmap Committee (dissolved on 13 May 2015, one meeting in the year under review)

- Short review of the development of the Group-wide risk management
- Discussion of the operational, financial and business-related risks of Deutsche Börse Group

Audit of the annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, domiciled in Berlin, (KPMG) 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 2015, 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 2015 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 management 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 2015 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 4 March 2016 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.

Personnel matters

At the beginning of February 2015, we were deeply saddened by the death of our Supervisory Board colleague Heinz-Joachim Neubürger. Mr Neubürger was a valuable member of the Supervisory Board, both professionally and personally. We will honour his memory.

During the year under review, the following personnel changes arose on the Supervisory Board:

The term of office of the Supervisory Board ended at the close of the Annual General Meeting on 13 May 2015. Until that date, the Supervisory Board had 18 members in accordance with the Articles of Association; since the Annual General Meeting 2015, it has twelve members. The shareholder representatives Richard M. Hayden, David Krell, Friedrich Merz and Thomas Neißé did not run for another term of office, meaning that their mandates were dissolved at the close of the Annual General Meeting. The remaining members of the Supervisory Board were re-elected for a further term of office by the Annual General Meeting. Amy Yip was elected as a new member of the Supervisory Board. The employee representatives Irmtraud Busch and Martin Ulrici left the Supervisory Board. Deutsche Börse's employees re-elected Marion Fornoff, Hans-Peter Gabe, Jutta Stuhlfauth and Johannes Witt as employee representatives.

In relation to the Executive Board, we resolved the following in 2015 at the recommendation of the Personnel Committee:

We re-appointed Jeffrey Tessler as a member of the Executive Board for another two-year term effective 1 January 2016 (until 31 December 2017). Carsten Kengeter assumed the chairmanship from Reto Francioni with effect from 1 June 2015, whose contract ended on 31 May 2015 according to the amicable agreement reached with him. We are extraordinarily grateful for Mr Francioni's important and long-standing performance as Chief Executive Officer of Deutsche Börse AG.

Management of individual conflicts of interest

During the year under review, no individual conflicts of interest arose.

The Supervisory Board would like to thank the Executive Board and all employees for their dedication and achievements in 2015.

Frankfurt/Main, 4 March 2016

For the Supervisory Board:



Joachim Faber
Chairman of the Supervisory Board

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