

High priority!

To all Xetra® Members and Vendors

Recipients: Traders, Technical Contacts, Nominated Persons, General

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HFT Bill: Information on Order/Trade Ratio, Excessive System Usage Fees and flagging of Trade Algorithms

Dear Sir or Madam,

Shortly, the German High Frequency Trading Bill (“Hochfrequenzhandels-gesetz”) will come into force. The Bill contains various requirements for market participants and market operators with respect to on-exchange trading. Deutsche Börse AG will continually provide information updates about developments in the Bill’s implementation. Please also see Xetra circular 030/13.

In future, the German High Frequency Trading Bill will require exchanges to determine an appropriate order/trade ratio and a fee for excessive system usage. Moreover, rules for flagging orders that were generated through algorithmic trading are to be included in the exchange regulations.

1. Order/trade ratio

In future, the Exchange Rules for the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) will include rules for the order/trade ratio. This ratio will be defined for classes of financial instruments. It will be measured per trading participant and financial instrument as an average over one month.

2. Excessive system usage fees

Deutsche Börse AG plans to use its existing fee concept for “Excessive System Usage” in a modified form as basis for the new regulatory requirements. In particular, the approach will be extended to include all financial instruments and markets. The present concept will continue to be applied until the new concept comes into effect.

Deutsche Börse AG
Xetra

Mergenthalerallee 61
65760 Eschborn

Mailing address
60485 Frankfurt/Main

Phone
+ 49-(0) 69-2 11-1 34 41

Fax
+ 49-(0) 69-2 11-61 34 41

Internet
xetra.com

E-mail
HFT_LAW@deutsche-boerse.com

Chairman of the
Supervisory Board
Joachim Faber

Executive Board
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Aktiengesellschaft
mit Sitz in
Frankfurt/Main
HRB Nr. 32232
Amtsgericht
Frankfurt/Main

Regarding determination of the threshold values for the order/trade ratio and excessive system usage fees, Deutsche Börse AG is in close dialogue with the exchange supervisory authority.

3. Flagging of trade algorithms

The German High Frequency Trading Bill will require trading participants to flag each order generated by an algorithm accordingly. This requirement will not come into force before six months after the Bill has become effective. It is planned to provide participants with an additional optional field within the scope of Xetra Release 14.0. Deutsche Börse AG is currently in close contact with the exchange supervisory authority and participants in order to discuss the exact requirements for an identification method.

It is planned to implement the deliverables of the technical prerequisites of all three requirements of the High Frequency Trading Bill in the fourth quarter of 2013. The required adjustments of the rules and regulations will be made at the same time. We will keep our participants continuously informed about the state of the concepts and their implementation.

Yours faithfully,



Miroslav Budimir



Michael Krogmann