

# Remuneration Policy

of

**Eurex Clearing AG**

Version 1.2

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## 1 Introduction

### 1.1 Purpose and objectives of the Policy

The Remuneration Policy (“Policy”) is a central element for the implementation of the Remuneration systems within the organisation. The objectives of the Policy are in particular

- to set out the principles governing the Company’s Remuneration systems of Eurex Clearing AG in the organisational guidelines,
  - to ensure that the Remuneration in the Company is in line with the applicable regulations on Remuneration (in particular the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung), dated 16 December 2013 (“InstitutsVergV”), the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (“CRR”) and the German Banking Act (Kreditwesengesetz – “KWG”)) and is monitored accordingly,
  - to ensure that the Remuneration is in line with the applicable regulatory requirements pursuant to directive 2013/36/EU of the European Parliament and of the council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“CRD IV”) and the European Commission delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 (“EMIR”) with regard to regulatory technical standards on requirements for central counterparties (“Regulatory Technical Standards”),
  - to inform the members of the Executive Board, Risk Taker and other employees on the applicable rules as well as on their Remuneration system.
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The Policy is in line with the Deutsche Börse Group Remuneration principles unless amendments are required under applicable regulatory requirements. Benefits which have no incentive effect with respect to the assumption of risk positions and are granted by means of company-wide, non-discretionary regulations are not in the scope of this Policy.

## 1.2 Ownership

- 1) The Supervisory Board (*Aufsichtsrat*) of Eurex Clearing AG is responsible to fulfill regulatory requirements which include the design and implementation of compliant Remuneration systems for members of the Executive Board. The regulations and Remuneration systems for Risk Taker set out in this policy apply for members of the Executive Board as long as not stated otherwise.
  - 2) The Executive Board (*Vorstand*) of Eurex Clearing AG is responsible to fulfill regulatory requirements which include the design and implementation of compliant Remuneration systems for Risk Taker and other employees.
  - 3) The Remuneration system set out in this Policy has been elaborated in co-operation with the Control Units. In particular, representatives of the Control Units participate in the Remuneration Advisory Board which is involved in the decision-making process with respect to the design and development of the Company's Remuneration systems.
  - 4) A so-called Compensation Review and Nomination Committee ("CRNC") was set up by the Supervisory Board (*Aufsichtsrat*) in accordance with Regulatory requirements and EMIR. The CRNC shall serve as the Remuneration Review Committee pursuant to sec. 25d para. 12 KWG (*Vergütungskontrollausschuss*) and fulfill all the tasks assigned to such committee pursuant to sec. 15 InstitutsVergV. Therefore, the CRNC, inter alia, supervises the Company's Remuneration system in accordance with the regulatory requirements. Further details with regard to the CRNC, in particular its composition and tasks/responsibilities, are stipulated in sec. 9 of the rules of procedure (*Geschäftsordnung*) of the Supervisory Board.
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### **1.3 Compensation Officer and Deputy Compensation Officer**

The Executive Board of Eurex Clearing AG appoints a Compensation Officer (Vergütungsbeauftragter) and a Deputy Compensation Officer (stellvertretender Vergütungsbeauftragter) in accordance with sec. 23 InstitutsVergV ("Compensation Officer and Deputy Compensation Officer"). Amongst other, the Compensation Officer – and as the case may be also the Deputy Compensation Officer – shall support the CRNC supervising and, therefore, fulfilling their responsibilities regarding the monitoring and design of the Company's Remuneration systems in accordance with the regulatory requirements.

### **1.4 Scope of the Policy**

This Policy provides the applicable framework for the design and implementation of the Remuneration systems for members of the Executive Board, Risk Taker and other employees of Eurex Clearing AG.

### **1.5 Effective date**

The Policy becomes effective upon approval by the Executive Board (Vorstand) resp. the Supervisory Board (Aufsichtsrat) of Eurex Clearing AG with effect from January 1<sup>st</sup>, 2016 due to regulatory requirements.

This Policy replaces and/or overrules any Remuneration Policies that might have been applicable within the scope of this Policy prior to its enactment.

### **1.6 Regular review**

The Policy, the Remuneration system and their practical operation shall be reviewed by the CRNC and the Supervisory Board as well as the Executive Board on a regular basis, at least once a year. In this respect the compliance of the Policy with regulatory requirements and applicable law as well as alignment with the business and risk strategy shall be ensured. The Compensation Officer and Deputy Compensation Officer shall provide the preparation for such reviews. The Policy and the Remuneration system shall be amended if necessary. Any changes to the Policy shall be properly documented.

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## 2 Definitions

In this Policy

**“Breach of Duty”** means serious infringements of employment or service agreement provisions or culpable breach of internal policies, including violations of risk limits.

**“Control Units”** mean those organisational units that monitor organisation units that originate business. These include the back office, risk management, compliance, internal audit, human resources and Compensation Officer and Deputy Compensation Officer.

**“Fixed Remuneration”** means the portion of Remuneration which is not Variable Remuneration, i.e. the awarding or amount of which is not at the Company’s discretion and is not dependent on the occurrence of agreed conditions.

**“Instrument”** means the Share-based Remuneration granted under the respective Terms and Conditions as applicable from time to time.

**“Members of the Executive Board”** means the members of the management body in its management function.

**“Negative Performance Contributions”** mean (i) falling short of targets, (ii) misbehaviour or (iii) any other risks or errors resulting in a downturn of the financial performance in each case taking into account the underlying performance of the institution as a whole and the business area in which the respective member of the Executive Board, Risk Taker or other employee is performing his/her duties in.

**“Remuneration”** means all monetary or monetarily measurable ancillary benefits of any kind as well as benefits from the Company or third parties that the member of the Executive Board, Risk Taker or other employee receives in performance of their professional duties; monetary or monetarily measurable ancillary benefits which have no incentive effect with respect to the assumption of risk positions, such as, for example, discounts, collective and company insurance and social welfare

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benefits and are granted by means of a company-wide, non-discretionary regulation, shall not be considered Remuneration.

**“Unconscionable Conduct”** means a serious infringement, which violates common decency or established codes of professional behavior.

**“Variable Remuneration”** means the portion of Remuneration, the awarding or amount of which is at the Company’s discretion or is dependent on the occurrence of agreed conditions and shall include discretionary contributions to pension Schemes.

**“Variable Remuneration Scheme”** means the respective general parameters as applicable from time to time according to which the Variable Remuneration shall be awarded and paid out.

### **3 General rules on Remuneration**

#### **3.1 Consistency with business strategy**

The Remuneration and principles of this Remuneration Policy shall be in line with the business and risk strategy, objectives, values and long-term interests, such as sustainable growth prospects. The definition of performance criteria for the assessment of Remuneration levels and target achievements will be determined in accordance with the business and risk strategy. The level and structure of the Remuneration shall be aligned with prudent risk management. It shall take into consideration prospective risks as well as existing risks and risk outcomes.

#### **3.2 Remuneration components**

Members of the Executive Board, Risk Taker and other employees shall receive Fixed and Variable Remuneration. The Fixed Remuneration shall be a substantial proportion of the total annual Remuneration. The Variable Remuneration is aligned with the rules of the Policy and is not guaranteed.

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The Remuneration shall be designed in a way that incentives for incurring disproportionately high risk positions are avoided. In light of this, there should not be a significant dependency on Variable Remuneration.

Besides the Remuneration components described above, the members of the Executive Board and other employees receive comprehensive benefits, which have no incentive effect with respect to the assumption of risk positions and are granted by means of a company-wide, non-discretionary regulation.

### **3.3 Appropriateness of Remuneration**

The Remuneration shall be designed appropriately. This means, in particular, that:

- 1) The Remuneration shall not incentivise the assumption of disproportionately high risks.
  - 2) The Remuneration shall be commensurate with the respective tasks and the performance as well as the situation of the Company and shall not exceed the usual Remuneration without cause.
  - 3) Guidelines for Variable Remuneration shall take due account of possible mismatches of performance and risk periods. In particular, payments of Variable Remuneration shall be deferred as appropriate. Variable Remuneration is not guaranteed, i.e. all Variable Remuneration is based on a performance measurement and can be 0.
  - 4) There shall be an appropriate ratio between the Fixed and the Variable Remuneration; according to the shareholders consent at the annual general meeting, dated April 10<sup>th</sup>, 2014 the Variable Remuneration may amount up to a maximum of 200% of the Fixed Remuneration as defined in sec. 25a para. 5 KWG, taking into account the respective criteria.
  - 5) Guaranteed Variable Remuneration is exceptional and is only allowed in connection with the hiring, is limited to a max. period of one year and subject to appropriate equity and liquid resources as well as sufficient capital in order to ensure its risk-bearing capacity.
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- 6) Payments in connection with the premature termination shall take due account of the performance over time and shall not reward falling short of performance expectations or misconduct in accordance with sec. 5 para. 7 InstitutsVergV. There should not be any significant contractual severance entitlements which are not diminished by individual Negative Performance Contributions.
- 7) Payments made as compensation for forfeited Remuneration in previous service and/or employment relationships shall be in line with the long-term interests of the Company and take into account individual performance and the deferral requirements stipulated in the respective Remuneration Scheme as applicable from time to time in case the beneficiary is identified as Risk Taker or is a member of the Executive Board.
- 8) The Remuneration of Risk Taker and other employees in Control Units shall be designed with respect to their function. Therefore, the
- a. Remuneration level of Risk Taker and other employees in the Control Units should allow to employ qualified and experienced employees in these functions,
  - b. method of determining the Remuneration of the relevant Risk Taker and other employees involved in the Control Units must not compromise their objectivity or be likely to do so,
  - c. mix of Fixed and Variable Remuneration for Risk Taker and other employees in Control Units should be weighted in favour of Fixed Remuneration. Therefore, the Fixed Remuneration shall in any case account for more than 50% of the total Remuneration.

### **3.4 Total Amount of Variable Remuneration**

The Variable Remuneration must not limit the Company's ability to sustainably maintain or recover an appropriate capital base. If the Company's ability to sustainably maintain or recover an appropriate capital base is limited, no Variable Remuneration is to be granted.

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The Total Amount of the Variable Remuneration shall be determined in a formal, transparent and comprehensible process. The determination (i) shall take due account of the risk-bearing capacity, the multi-year capital planning and the profitability, (ii) must ensure the Company's ability to maintain or recover appropriate own funds and liquidity and (iii) must ensure the Company's ability to meet or recover the combined capital buffer requirements in accordance with the German Banking Act (KWG).

The Company shall consider performance and risks assumed to determine the Total Amount.

### **3.5 Individual performance**

In case individual performance is determined, this shall be based on the achievement of a mix of quantitative and qualitative agreed targets, which shall be challenging and ambitious. Targets shall reflect the long-term interests of the Company.

Negative Performance Contributions resulting from unethical behaviour or misconduct shall not be compensated by positive Performance Contributions and must result in a reduction of Variable Remuneration (down to 0).

Performance of members of the Executive Board, Risk Taker and other employees is measured annually, documented and tracked in the respective appraisal systems. The performance assessment is executed by the respective line manager resp. by the Supervisory Board for members of the Executive Board.

### **3.6 Appraisal process**

- 1) The individual performance measurement is ensured through the respective appraisal systems.
  - 2) The appraisal process consists of the following:
    - agreeing on targets at the beginning of each year;
    - assessing target achievement;
    - giving feedback on the target achievement.
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3) Objectives of the process are to

- apply transparent rules;
- set challenging and ambitious targets with respect to the function;
- link performance to business targets;
- link performance to long-term perspective;
- measure and judge performance in an objective and consistent way;
- clarify task definition and the expectation of accomplishment.

### **3.7 Prohibition of personal hedging strategies**

Members of the Executive Board, Risk Taker and other employees shall not undertake any personal hedging strategies or other countermeasures that confine or neutralize the risk alignment effects of their Remuneration. This shall include, in particular, external hedging transactions creating an obligation of third parties and the conclusion of financial futures transactions, in each case to the extent that such transactions limit or exclude the risk of a lower Remuneration.

The Company shall provide for appropriate compliance structures and measures in order to prevent any hedging strategies. Such measures may include inspections carried out by the competent department with respect to securities accounts and other accounts maintained at the Company as well as at other institutions.

### **3.8 Information**

Members of the Executive Board, Risk Taker and other employees shall be informed about the respective Remuneration system and be provided with the Variable Remuneration Scheme (in case of members of the Executive Board and Risk Taker) as applicable from time to time.

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### **3.9 Publication**

The disclosure requirements on Remuneration in accordance with Article 450 CRR, e.g. the general design (in particular the parameters, the decision-making process used for determining the Remuneration Policy, information on the link between performance and pay, composition of Remuneration, quantitative information on Remuneration, the ratios between Fixed and Variable Remuneration, information on the performance criteria relevant for Variable Remuneration elements, involvement of external consultants and stakeholders, composition and mandate of CRNC) shall be published on the internet.

## **4 Rules on Remuneration systems for members of the Executive Board and Risk Taker**

### **4.1 Risk analysis**

Eurex Clearing AG shall annually conduct a risk analysis to identify categories of staff whose professional activities have a material impact on the Company's risk profile and to whom the specific requirements set out below apply ("Risk Taker" and members of the Executive Board).

### **4.2 Criteria for determining Variable Remuneration**

The Variable Remuneration shall take into account the overall performance of the Company, the performance of the areas of responsibility and individual Performance Contributions. The criteria for determining the Variable Remuneration shall be consistent with the objective of long-term sustainable performance. The majority of targets shall be based on a multi-year performance period. Details are stipulated in the respective Variable Remuneration Scheme.

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#### **4.3 Deferral of Variable Remuneration**

The pay-out schedules shall be sensitive to the time horizon of risks. In particular in case of Variable Remuneration is paid, due account shall be taken of possible mismatches of performance and risk periods and it shall be ensured that payments are deferred as appropriate. During the deferral period the deferred parts of the Variable Remuneration shall vest yearly on a pro rata basis. Prior to vesting, there is only an entitlement to an accurate determination of the respective part of the Variable Remuneration. Details, in particular the pay-out schedule, are stipulated in the respective Variable Remuneration Scheme and the Terms and Conditions of Instruments each as applicable from time to time. Exemption limits in accordance with sec. 18 InstitutsVergV may apply.

#### **4.4 Malus adjustment**

Negative Performance Contributions shall result in a reduction (down to 0) of deferred parts of the Variable Remuneration. The Variable Remuneration shall be reduced to 0 in particular if a member of the Executive Board or a Risk Taker (i) participated in or was responsible for a conduct that resulted in a significant loss or (ii) did not comply with internal or external provisions on qualification and conduct. A reduction of deferred parts of the Variable Remuneration shall also apply in case of unconscionable conduct and conduct in culpable breach of duty.

#### **4.5 Link with the Company's long-term performance**

At least 50% of the deferred and non-deferred parts of the Variable Remuneration shall be linked to the Company's long-term performance. For this purpose the corresponding parts of the Variable Remuneration shall be granted in the form of Deutsche Börse AG phantom stocks (Instruments) under the respective Terms and Conditions. Exemptions limits in accordance with sec. 18 InstitutsVergV may apply.

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**5 Version Record**

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