Xetra Circular 161/08

BÖRSE FRANKFURT

To all Trading Members admitted at Frankfurt Stock Exchange (FWB) and Vendors

Recipients: Traders, Technical Contacts, Security Administrators, System Administrators, Back Office, General

Management Board

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Announcement Xetra Release 10.0

Dear Sir or Madam,

Deutsche Börse AG is planning to introduce Xetra Release 10.0 on June 8, 2009. The release will be mandatory for all Xetra markets and back-ends.

Below is an overview of major enhancements and changes that will be implemented with Xetra Release 10.0:

- **Discretionary Order:** The Discretionary Order is a new order type that increases the execution probability of orders and the order system at all. For this purpose, the already existing Limit Order will be enhanced by a second parameter, the "Discretionary Range". The Discretionary Range is hidden and therefore not visible to other market participants. The new order is fully integrated in the Xetra order book. It defines the amount by which the Discretionary Order is allowed to trade at a price that is more aggressive than its visible limit. Hence, with respect to a buy order, the Discretionary Range must be positive and with respect to a sell order, the Discretionary Range must be negative. Execution possibilities within the Discretionary Range will only be verified if no "conventional" executions against the visible order book are possible. During auctions, discretionary orders will be processed with their aggressive limit, i.e. including their discretionary range. Discretionary orders are only available in the market model “Continuous Trading”. Entries of discretionary orders to Xetra via the SAKI interface will be possible, too. Besides the Discretionary Order Deutsche Börse may introduce further order types with Xetra Release 10.0.

- **New High-Speed Interfaces for access to Xetra:** Xetra will offer two optional interfaces that provide members with high-performance, low-latency access to market data and order management functionalities on the Xetra market places. The Enhanced Broadcast Solution Interface provides access to

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un-netted market data in real-time and with extended market depth. The Enhanced Transaction Solution (ETS) offers high-speed access for core trading activities; focus is on order and quote maintenance functions. Both interfaces are optional and are considered suitable for firms that pursue certain types of trading strategies, for example algorithmic trading. All Xetra members will still have to use the existing MISS-based architecture, even if they decide to adopt the Enhanced Broadcast Solution and Enhanced Transaction Solution interfaces. In fact, as the optional ETS interface only supports a subset of the trading functionality, members need to configure hybrid connection alternatives that also utilize the MISS-based architecture. Usage of the new Enhanced Transaction or Broadcast Solution Interface also requires a connection to the Xetra Frankfurt environment next to the existing GATE/MISS connection. Detailed information about the ordering process, technical requirements and time lines will be communicated in due course.

- **Enhanced Broadcast Solution:** This new public broadcast architecture is known from Eurex as Enhanced Broadcast Solution. No additional Xetra software needs to be installed on member side and therefore the Enhanced Broadcast Solution interface provides free choice of clients' operating system. The Enhanced Broadcast Solution interface delivers market data with significantly improved performance, makes more efficient use of band- width, offers a more granular subscription model and provides un-netted prices with order book depth which exceeds the current level of ten. The Enhanced Broadcast Solution interface will provide reference data, inside market, state change and "All Trade Price" broadcasts.

- **Enhanced Transaction Solution:** The Enhanced Transaction Solution (ETS) interface is an open message-based Xetra trading interface which does not require any additional Xetra software to be installed on the client side. ETS covers main Xetra trading functionality, i.e. order and quote maintenance. Besides order and quote management, ETS offers service functions, which are required for order/quote routing. The main ETS concepts are:

    - Message-Based: The ETS connection between members and the Xetra system is established via a TCP connection.
    - Session-Oriented: ETS is a session-oriented interface whereby the session is the basic context of the interaction between client application and Xetra system. ETS-based applications will receive information for orders and quotes entered within their own session. Several traders may share a single session, but every session may only be instantiated once. The user can decide with closing of a session if all orders/quotes of the session are to be deleted or not (mass deletion). Also in case of a connection loss,

all non-persistent orders/quotes can be deleted (heartbeat functionality).
    - Open Interface: ETS allows customers to use any operating system, and any programming language in order to connect to the Xetra system.
    - ETS provides encryption and authentication in the network layer.

- **Non-Persistent Orders and Quotes:** For members requiring a faster response from Xetra concerning their order status, non-persistent orders and quotes will be introduced. Currently, orders and quotes in the Xetra system are persistent, i.e. once in the order book they can only be deleted by an execution, a VALUES request or by the batch maintenance. In order to improve the processing speed for orders and quotes, Xetra Release 10.0 will introduce non-persistent orders and quotes. Thereby, members can choose whether they send their orders as persistent or as non-persistent orders. The main functional difference is that non-persistent orders will be removed from the order book in exceptional circumstances, i.e. typically, if there are technical problems on the exchange's back-end side or when a product leaves the "HALT" state. In both cases a "Market Reset" will be triggered, whereby only persistent orders are restored in the order book (current functionality). The member may select between the non-persistent and the persistent order attribute independent of the type or restriction code of the order. Once the order has been sent to the exchange, the persistency attribute of the order cannot be changed anymore.

- **Data Distribution in the Continuous Auction Trading Models:** In both Continuous Auction trading models, data distribution will be enhanced. Depending on the trading model it will be possible to broadcast the Specialist Quote or the Market Maker Quote as well as inside market information via VALUES. Deutsche Börse will inform the members in due time for which instrument groups inside market information will be provided via VALUES. For structured products, quote information will still only be provided via CEF®.

- **Synchronization of Fee Reporting:** To reduce the implementation and maintenance effort on member side, fee reporting will be synchronized with Xetra Release 10.0. The Xetra fee reporting on Xetra Frankfurt will be replaced by a SAP fee reporting already used in the Xetra Frankfurt 2 system. Xetra trade confirmations will not contain the fees anymore. So for both environments the same reporting solution will be used.

Further details about enhancements and facilities will be published shortly by Deutsche Börse AG. In September 2008, we will provide additional information regarding the line ordering process for the two new interfaces. The communication calendar to be provided in October 2008 will give you an overview of publication dates for Xetra Release 10.0 documents.

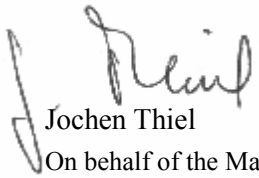
Xetra Release 10.0 will be a mandatory release and not backwards compatible. Please be reminded that members will be required to run the installation (update) kits on their existing or new MISS server(s)/workstation(s). These kits will install the Xetra Release 10.0 software including the latest version of the Xetra J-Trader GUI. Therefore, existing in-house and third-party applications will have to be adjusted as well. As for Xetra Release 9.1, installation of GATE 3.5 will be required for Xetra Release 10.0.

Should you have any further questions or require additional information, please do not hesitate to contact our Member Services & Admission Team at telephone +49-(0) 69-2 11-1 16 40 or fax +49-(0) 69-2 11-1 16 41.

Yours faithfully,



Rainer Riess



Jochen Thiel
On behalf of the Management Board