THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

This document comprises a prospectus relating to HLDCO123 PLC ("**HoldCo**" or the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority ("**FCA**") made under section 73A of the FSMA. This document has been approved by the FCA in accordance with section 85 of the FSMA, will be made available to the public and has been filed with the FCA in accordance with the Prospectus Rules. This document, together with the documents incorporated into it by reference (as set out in Part 25: "*Documentation Incorporated by Reference*" of this document), will be made available to the public in accordance with Prospectus Rule 3.2 by the same being made available, free of charge, at www.mergerdocuments-db-lseg.com, at the Company's registered office at 10 Paternoster Square, London, EC4M 7LS, United Kingdom and at Equiniti Limited at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex BN99 6DA, United Kingdom. The Company will request that the FCA notify the European Securities and Markets Authority and provide a certificate of approval and a copy of this prospectus to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") for the purposes of passporting this document under the Prospectus Directive in connection with the FSE Admission (as defined below).

Applications will be made to the UK Listing Authority and to the London Stock Exchange for the HoldCo Shares to be admitted to listing on the premium listing segment of the Official List maintained by the FCA and to trading on the main market for listed securities of the London Stock Exchange, respectively (the "**LSE Admission**"). An application will also be made for a prime standard listing of the HoldCo Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (the "**FSE Admission**" and together with the LSE Admission, the "**Admission**"). It is expected that, subject to the conditions to the proposed combination of Deutsche Börse AG and LSEG plc (the "**Merger**") being satisfied or, where appropriate, waived, Admission will become effective and dealings on the London Stock Exchange and the Frankfurt Stock Exchange in the HoldCo Shares will commence at 8.00 a.m. (London time) on or shortly after the Closing Date.

Investors should rely only on the information contained in this document and the documents incorporated by reference herein. No person has been authorised to give any information or make any representations other than those contained in this document and any document incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been so authorised. In particular, the contents of HoldCo's, Deutsche Börse AG's and LSEG plc's respective websites do not form part of this document and investors should not rely on them.

The Company will comply with its obligation to publish a supplementary prospectus containing further updated information required by law or any regulatory authority, but assumes no further obligation to publish additional information.

YOU SHOULD READ THE WHOLE OF THIS DOCUMENT AND ANY DOCUMENTS INCORPORATED HEREIN BY REFERENCE. IN PARTICULAR, YOUR ATTENTION IS DRAWN TO THE SECTION HEADED "RISK FACTORS" IN THIS DOCUMENT.

DEUTSCHE BÖRSE GROUP

London Stock Exchange Group

HLDCO123 PLC

(incorporated and registered under the laws of England and Wales with registered number 10053870)

Application for admission to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities and to a prime standard listing and trading on the regulated market of the Frankfurt Stock Exchange of up to 344,919,586 HoldCo Shares

Joint Sponsor **Deutsche Bank**

Joint Sponsor **Barclays**

Apart from the responsibilities and liabilities, if any, which may be imposed on any of Deutsche Bank AG, Perella Weinberg Partners UK LLP, Robey Warshaw LLP, Merrill Lynch International, HSBC Bank plc, Goldman Sachs International, J.P. Morgan Limited, RBC Europe Limited, Société Générale, UBS Limited or Lazard & Co., Limited (together, the "**Banks**") by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Banks accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the HoldCo Shares or the Merger and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Banks accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

None of the Company, the Joint Sponsors (as defined below), the other Banks or any of their respective representatives, is making any representation to any prospective investor of the HoldCo Shares regarding the legality of an investment in the HoldCo Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank (the "**ECB**")) and, in the United Kingdom, by the Prudential Regulation Authority (the "**PRA**"). Deutsche Bank AG is subject to supervision by the ECB and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the PRA and the FCA. Deutsche Bank AG is acting exclusively for the Company and Deutsche Börse AG and no one else in connection with the Merger and will not be responsible to anyone other than the Company and Deutsche Börse AG for providing the protections afforded to clients of Deutsche Bank AG nor for providing advice in relation to the Merger or any other matter referred to in this document.

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for the Company and LSEG plc and no one else in connection with the Merger and will not be responsible to anyone other than the Company and LSEG plc for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Merger or any other matter referred to in this document. Deutsche Bank AG, London Branch ("**Deutsche Bank**") and Barclays are together the "**Joint Sponsors**".

Perella Weinberg Partners UK LLP ("**Perella Weinberg Partners**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Deutsche Börse AG and no one else in connection with the Merger and will not be responsible to anyone other than Deutsche Börse AG for providing the protections afforded to clients of Perella Weinberg Partners nor for providing advice in relation to the Merger or any other mater referred to in this document.

Merrill Lynch International ("**BofA Merrill Lynch**") which is authorised by the PRA and regulated by the FCA and PRA in the United Kingdom is acting exclusively for Deutsche Börse AG and no one else in connection with the Merger. In relation to such matters, BofA Merrill Lynch, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to clients of Merrill Lynch International or for providing advice in relation to this Merger.

HSBC Bank plc ("**HSBC**") is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom. HSBC is acting exclusively for Deutsche Börse AG and no one else in connection with the Merger and shall not be responsible to anyone other than Deutsche Börse AG for providing the protections afforded to clients of HSBC nor for providing advice in connection with the Merger or any matter referred to in this document.

Robey Warshaw LLP ("**Robey Warshaw**"), which is authorised and regulated by the FCA, is acting exclusively for LSEG plc and no one else in connection with the Merger. In relation to such matters, Robey Warshaw will not be responsible to anyone other than LSEG plc for providing the protections afforded to its clients or for providing advice in connection with the contents of this document or any matter referred herein.

Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and PRA in the UK, is acting for LSEG plc and no one else in connection with the Merger and will not be responsible to anyone other than LSEG plc for providing the protections afforded to its clients, or for giving advice in connection with any matter referred to in this document.

J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**"), is authorised and regulated in the United Kingdom by the FCA. J.P. Morgan Cazenove is acting exclusively for LSEG plc and no one else in connection with the Merger and will not regard any other person as its client in relation to the matters set out in this document. J.P. Morgan Cazenove will not be responsible to anyone other than LSEG plc for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to the Merger, the contents of this document or any other matter referred to herein.

RBC Europe Limited, which trades as "RBC Capital Markets" ("**RBC Capital Markets**"), is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom. RBC Capital Markets is acting for LSEG plc and no one else in connection with the Merger and will not be responsible to anyone other than LSEG plc for providing the protections afforded to clients of RBC Capital Markets, or for providing advice in connection with the Merger.

Lazard & Co., Limited ("**Lazard**"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Deutsche Börse AG and for no one else in connection with the Merger and will not be responsible to anyone other than Deutsche Börse AG for providing the protections afforded to its clients or for providing advice in connection with the Merger. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein, the Merger or otherwise.

Société Générale ("**SG**") which is a French credit institution (bank) authorised and supervised by the ECB, the Autorité de Contrôle Prudentiel et de Résolution and the PRA, and regulated by the Autorité des marchés financiers and subject to limited regulation by the FCA and the PRA. SG is acting solely for LSEG plc in connection with the Merger and will not be responsible to anyone other than LSEG plc for providing the protections afforded to the clients of SG or for providing advice in relation to the Merger or any other matter referred to in this document.

UBS Limited ("**UBS**"), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for LSEG plc and no one else in connection with the Merger. In relation to such matters, UBS, its affiliates and their respective directors, officers employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to this Merger, the contents of this document or any other matter referred to herein.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OF, OR SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR BUY, ANY SHARES TO ANY PERSON IN ANY JURISDICTION AND IS NOT FOR DISTRIBUTION IN OR INTO ANY RESTRICTED JURISDICTION EXCEPT AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION AND PURSUANT TO APPLICABLE LAWS.

This document does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction where such offer or sale would be unlawful. The HoldCo Shares that may be received in the Merger have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and may only be offered or sold in the United States in accordance with an applicable exemption from the registration requirements of the Securities Act. There will be no public offering of HoldCo Shares in the United States. HoldCo Shares may not therefore be offered to certain U.S. shareholders of Deutsche Börse AG unless HoldCo believes that there is an exemption from, or if the transaction is not subject to, the registration requirements of the Securities Act. It is anticipated that U.S. shareholders of Deutsche Börse AG who are not able to receive HoldCo Shares as part of the Exchange Offer may, in lieu of HoldCo Shares, receive a cash amount corresponding to proceeds (less transaction costs) from the sale of HoldCo Shares which they would otherwise have been entitled to receive. The HoldCo Shares issued pursuant to the LSEG Acquisition are expected to be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof based on the Court's sanctioning of the Scheme (each as defined herein).

Information distributed in connection with the Merger is subject to disclosure requirements of the United Kingdom and Germany that are different from those of the United States. The financial information contained in this document has been prepared in accordance with EU IFRS that may not be comparable to the financial statements and financial information of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under U.S. federal securities laws, since HoldCo is located in the United Kingdom, and some of its officers and directors are residents of countries outside the United States. You may not be able to sue a UK company or its officers or directors in an English court for violations of U.S. securities laws. It may be difficult to compel a UK company and its affiliates to subject themselves to a U.S. court's judgement.

You should be aware that the Company may purchase securities otherwise than under the Merger, such as in open market or privately negotiated purchases.

Deutsche Börse Shareholders and LSEG Shareholders who are affiliates of HoldCo after the Merger will be subject, under Rule 144 under the Securities Act, to timing, manner of sale and volume restrictions on the sale of HoldCo Shares received pursuant to the Merger. For the purposes of the Securities Act, an "affiliate" of a company is any person that directly or indirectly controls, or is controlled by, or is under common control with, the company. Holders of Deutsche Börse Shares and LSEG Shares that constitute "restricted securities" for the purposes of Rule 144 under the Securities Act will receive HoldCo Shares that also constitute restricted securities and will not be permitted to offer or resell in the United States the HoldCo Shares they receive without registering that offer or sale under the Securities Act or conducting that offer or sale in reliance on an exemption from registration thereunder. The Securities Act would not generally restrict a sale of HoldCo Shares that are "restricted securities" on the London Stock Exchange, provided that the sale had not been pre-arranged with a buyer in the United States. Shareholders who believe they may be affiliates for the purposes of the Securities Act should consult their own legal advisers.

THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH SHAREHOLDER SHOULD CONSULT HIS, HER OR ITS OWN LEGAL ADVISER, FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.

Prospectus dated 1 June 2016.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in sections A to E (A.1 to E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable".

Section A—Introduction and warnings	
A.1	***Introduction and warnings*** This summary should be read as an introduction to this document. Any decision to invest in the ordinary shares of €1.00 each in the share capital of HoldCo (the "**HoldCo Shares**") should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2	***Consent by the issuer to the use of the document for resale or final placement of securities by financial intermediaries*** Not applicable. No consent has been given by the Company or any person responsible for drawing up this document to use this document for subsequent sale or placement of securities by financial intermediaries.

Section B—Issuer	
B.1	***Legal and commercial name*** HLDCO123 PLC ("**HoldCo**" or the "**Company**"). It is anticipated that the Company will change its name on or around Completion (as defined below).
B.2	***Domicile, legal form, applicable legislation and country of incorporation*** The Company is a public limited company, incorporated on 9 March 2016 in England and Wales with registered number 10053870 and its registered office situated in England and Wales. The Company operates under the UK Companies Act 2006 (the "**Companies Act**") and following completion ("**Completion**") of the Merger (as defined below), will be subject to the City Code on Takeovers and Mergers. The Company was formed solely for the purpose of effecting the proposed merger of Deutsche Börse AG ("**Deutsche Börse AG**") and its subsidiaries (the "**Deutsche Börse Group**") and London Stock Exchange Group plc ("**LSEG plc**") and its subsidiaries (the "**LSEG**") (the "**Merger**").
B.3	***Current operations, principal activities and markets*** **The Combined Group** The combined group of the Deutsche Börse Group, LSEG and HoldCo (the "**Combined Group**") will be established as a result of the Merger.

Section B—Issuer	
	Following Completion, the Combined Group will be a leading global markets infrastructure group, operating through its intermediate subsidiaries, being LSEG plc in London and Deutsche Börse AG in Frankfurt. The Combined Group will have a diverse portfolio of businesses in capital markets, post trade, index and information services and technology across multi-asset classes (derivatives, equities, fixed-income, FX and energy products). Following Completion, the Combined Group will have operations in over 30 countries, including in Asia and the United States, and will serve customers globally. On a pro forma basis, for the 12 months ended 31 December 2015 the Combined Group would have generated total income from continuing operations of €4.8 billion (£3.5 billion) and adjusted earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") from continuing operations of €2.2 billion (£1.6 billion), making it the largest exchange group globally by total income (figures converted to GBP at an average rate of exchange of €1.3782 = £1). **The Deutsche Börse Group** Deutsche Börse AG is a German stock corporation (*Aktiengesellschaft*) with its registered legal seat in Frankfurt am Main, Germany. It is registered with the commercial register of the Local Court Frankfurt am Main under HRB 32232. The Deutsche Börse Group is a diversified international markets infrastructure organisation whose products and services span the entire financial sector value chain from trading and clearing of equities and derivatives, through transaction settlement, custody and collateral management and the provision of market information, to the development and operation of electronic systems. Additionally, the Deutsche Börse Group offers information technology ("**IT**") services, indices and market data for its worldwide trading platforms. The main business areas of the Deutsche Börse Group are: (i) listing and trading, which includes the operation of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and various regulated markets for trading equities, derivatives and structured products based on Deutsche Börse AG's Xetra and T7 electronic trading systems; (ii) clearing, through Eurex Clearing and C7, which handles risk management for derivatives and cash market transactions (both on- and off-exchange); (iii) post trade services, which include the Clearstream, LuxCSD, and REGIS-TR brands providing a post trade banking, settlement and custody offering for fixed-income securities, shares and investment funds to customers in over 110 countries; and (iv) IT and market data services, which supply markets with technology and information products covering prices, macroeconomic indicators and data for the DAX and STOXX index families, as well as network services and infrastructure for exchange trading. The Deutsche Börse Group is headquartered in Germany and has operations in multiple jurisdictions, including Luxembourg, the Czech Republic, Great Britain, Ireland, Singapore, Switzerland, Russia, the United States, Hong Kong, China and Japan. Shares in Deutsche Börse AG ("**Deutsche Börse Shares**") are traded on the regulated market of the Frankfurt Stock Exchange. **LSEG** LSEG is an international markets infrastructure business that traces its history back to 1698. Its diversified global business focuses on capital formation, intellectual property and risk and balance sheet management. LSEG operates an open access model, offering choice and partnership to customers across all of its businesses. LSEG's Capital Markets division comprises a broad range of international equity, Exchange Traded Funds ("**ETF**"), bond and derivatives markets, including London Stock Exchange; Borsa Italiana; MTS (a leading fixed-income market); and Turquoise (a pan-European equities Multilateral Trading Facility ("**MTF**")). Through its platforms, LSEG offers market participants, including retail investors, institutions and small and medium-size enterprises what HoldCo believes to be unrivalled access to Europe's capital markets. HoldCo believes LSEG also plays a vital economic and social role, enabling companies to access funds for growth and development.

Section B—Issuer	
	Post trade and risk management services are a significant part of LSEG's business operations. In addition to majority ownership of LCH, a multi-asset global central clearing counterparty ("**CCP**") operator, LSEG plc owns Cassa di Compensazione e Garanzia S.p.A. ("**CC&G**"), the Italian clearing house; Monte Titoli, a leading European custody and settlement business; and globeSettle, LSEG's central securities depository ("**CSD**") based in Luxembourg. Through FTSE Russell, LSEG is a global leader in financial indices, benchmarks and analytic solutions with approximately U.S.$10 trillion benchmarked to its indices. LSEG also provides customers with an extensive range of real time and reference data products and regulatory reporting services, including SEDOL, UnaVista, and RNS. LSEG is a leading developer and operator of high performance technology solutions, including trading, market surveillance and post trade systems for over 40 organisations and exchanges, including LSEG's own markets. Additional services include network connectivity, hosting and quality assurance testing. MillenniumIT, GATElab and Exactpro are among LSEG's technology companies. LSEG is headquartered in the United Kingdom ("**UK**"), with significant operations in North America, Italy, France and Sri Lanka. Shares in LSEG plc ("**LSEG Shares**") are traded on the London Stock Exchange's main market for listed securities.
B.4a	***Significant recent trends affecting the Combined Group and its industry*** The Combined Group's results of operations will be affected by a variety of trends across its operating platforms in Germany, the UK and the rest of the world. Set out below is a discussion of some of the more significant factors that have affected the Deutsche Börse Group's and LSEG's results in the past and which may affect the financial results of the Combined Group in the future. Factors and trends other than those set forth below could also have a significant impact on the Combined Group's results of operations and financial condition. *Economic conditions and structural changes in financial markets* The operating results of the Deutsche Börse Group and LSEG continue to be affected by levels of economic and capital markets activity, including global investors' perceived opportunities and appetite for investment, as well as consumer confidence, broader liquidity and macroeconomic conditions in the regions where they operate. Trends related to the performance and volatility of the financial markets, as well as structural changes in the financial markets such as the increasing use of derivatives by investment funds, affect overall levels of listing and trading activity in the markets operated by the Deutsche Börse Group and LSEG and, as a result, their sales revenues. As financial markets become increasingly international in scope, and issuers, investors, and intermediaries look to global players to offer open, efficient and competitive marketplaces to meet their needs, the operating results of the Combined Group will be affected by global macroeconomic conditions. *Regulatory environment* As global businesses, many of the Deutsche Börse Group's and LSEG's activities are subject to regulation on a national and supranational basis. The markets in which the Deutsche Börse Group and LSEG are active have seen extraordinary change over recent years, and additional regulatory initiatives and changes have been proposed or are being implemented in jurisdictions where they operate. In particular, the European regulatory framework has changed dramatically during this time, with particular focus on ensuring transparency and openness across a number of markets. While these regulatory changes can be costly, including compliance with new and more stringent regulation, and lead to the emergence of new competitors and enhance the position of existing competitors, they also present opportunities, such as: the development of a deeper Capital Markets Union in Europe; the related shift towards central clearing and the emergence of new CCPs; non-discriminatory open access provisions; inter-connectivity between market infrastructure providers; the entry and expansion of global players into new areas of financial markets; customers demanding efficient marketplaces that allow for the trading of multiple products from around the world; and the need for market infrastructure providers to rationalise their cost bases.

Section B—Issuer	
	Changing competitive environment In recent years, the business environment in which the Deutsche Börse Group and LSEG operate has been characterised by increasing competition in global markets and the globalisation of exchanges, leading to direct competition with foreign exchanges and other listing and trading venues for listings, trading and the provision of market data for their securities. Competition in the post trade industry has also intensified, in particular as a result of customer demands for enhanced risk management and regulatory initiatives that have inspired a shift towards central clearing and the emergence of new CCPs. During this time, customers have become more discerning, and the information services industry has been characterised by high levels of product innovation and rapid change. Market participants' demand for speed, capacity and reliability requires continued investment in technology by market infrastructure providers, resulting in additional competition and developments among existing and new service providers.
B.5	***Description of the Combined Group Structure*** The Company was incorporated and registered in England and Wales as a public company limited by shares under the Companies Act on 9 March 2016. The Company was formed solely for the purpose of effecting the Merger and currently has no subsidiaries. Following Completion, HoldCo will be the ultimate holding company of the Combined Group, which will operate through its subsidiary undertakings, Deutsche Börse AG and LSEG plc. Deutsche Börse AG and LSEG plc will, following Completion, continue to be the holding companies of the Deutsche Börse Group and LSEG, respectively. It is expected that HoldCo will be renamed on or around Completion.
B.6	***Major shareholders*** As at 27 May 2016 (being the latest practicable date prior to the publication of this document) (the "**Latest Practicable Date**"), Stichting HLDCO123 is the sole shareholder of HoldCo holding one ordinary share with a nominal value of £1.00 and 49,999 redeemable preference shares of £1.00 each. See E.4 below for major shareholders known to LSEG plc and Deutsche Börse AG that may have a material interest in HoldCo immediately following Completion due to exceeding the threshold of voting rights which might require notification.
B.7	***Selected historical financial information*** Shareholders should read the whole of this document and not rely solely on the summarised financial information set out below. **The Company** The table below sets out HoldCo's summary financial information for the period indicated, as reported in accordance with EU IFRS (as defined below). Since its date of incorporation, HoldCo has not traded nor entered into any obligations other than in connection with the Merger. **Balance Sheet** — **31 March 2016 (£) (audited)** Total assets . . . . . . 50,000 Total equity . . . . . . 50,000 Total liabilities . . . . . . — **Total equity and liabilities** . . . . . . 50,000 There has been no significant change in the financial condition or operating results of HoldCo during the period since its incorporation to 31 March 2016, the date to which the latest audited financial information in relation to HoldCo was prepared or subsequent thereto.

Section B—Issuer

The Deutsche Börse Group

The tables below set out the Deutsche Börse Group's summary financial information for the periods indicated, as reported in accordance with International Financial Reporting Standards, as adopted by the European Union ("**EU IFRS**"). The consolidated financial information for the Deutsche Börse Group for each of the years ended 31 December 2015, 2014 and 2013 has been extracted from the audited consolidated financial statements of the Deutsche Börse Group for the financial years ended 31 December 2015 (as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2015) (the "**Deutsche Börse 2015 Financial Statements**"), 31 December 2014 (as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2014) (the "**Deutsche Börse 2014 Financial Statements**") and 31 December 2013 (as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2013) (the "**Deutsche Börse 2013 Financial Statements**"), respectively, and included in Annex 5 herein. The consolidated financial information for the Deutsche Börse Group for the three months ended 31 March 2016 and 2015 has been extracted from the unaudited interim condensed consolidated financial information of the Deutsche Börse Group for the three months ended 31 March 2016 (the "**Deutsche Börse Unaudited Interim Financial Information**") included in Annex 5 herein.

Consolidated Statement of Income of the Deutsche Börse Group

	Three months ended 31 March		Year ended 31 December		
	2016[1]	**2015[1][2]**	**2015**	**2014[3][4]**	**2013**
	(€ million) (unaudited)			(€ million) (audited)	
Sales revenue	658.4	617.7	2,722.8	2,347.8	2,160.3
Total revenue	681.6	631.3	2,797.0	2,408.5	2,216.8
Net revenue (total revenue less volume-related costs)	**610.5**	**564.7**	**2,367.4**	**2,047.8**	**1,912.3**
Operating costs	(315.9)	(271.0)	(1,375.6)	(1,114.8)	(1,182.8)
Earnings before interest and tax (EBIT)	296.2	300.6	992.6	1,011.3	738.8
Earnings before tax (EBT)	276.0	306.3	950.2	963.4	668.1
Net profit for the period	**212.1**	**235.5**	**701.2**	**788.5**	**495.2**

Notes:

(1) On 9 March 2016, Deutsche Börse AG and NASDAQ, Inc. entered into an agreement regarding the sale of International Securities Exchange Holdings, Inc. ("**ISE**"), operator of three U.S. equity options exchanges, and ISE's holding company U.S. Exchange Holdings, Inc. to NASDAQ for a total cash consideration of U.S.$1.1 billion. The agreement excludes ownership interests in BATS Global Markets, Inc. and in Digital Asset Holdings LLC, which will continue to be owned by Deutsche Börse AG. At the time of its acquisition by Deutsche Börse AG, ISE was allocated to the Eurex segment from a balance sheet perspective. With the divestiture, the goodwill of the Eurex segment will only reduce partially, so that a high triple-digit million euro disposal gain is expected for Deutsche Börse AG at the group level. The completion of the transaction is subject to the approval by competition and supervisory authorities and is anticipated for mid 2016.

Given the requirements of IFRS 5, Deutsche Börse Group publishes the consolidated balance sheet and the consolidated statement of income including divestment of ISE as discontinued operations.

(2) Figures were taken from Deutsche Börse's Unaudited Interim Financial Information.

(3) The figures were taken from Deutsche Börse's 2015 Financial Statements.

(4) As adjusted to reflect change in accounting policy. See Note 3 to the Deutsche Börse 2015 Financial Statements.

Section B—Issuer

Consolidated Statement of Financial Position of the Deutsche Börse Group

	As at 31 March 2016(1)	As at 31 December 2015	2014(2)	2013
	(unaudited)	(€ million)		
			(audited)	
Total non-current assets	15,589.4	14,386.9	11,267.2	8,796.9
Total current assets	214,627.4	165,688.9	204,640.9	180,513.0
Total assets	230,216.8	180,075.8	215,908.1	189,309.9
Total equity	**3,954.0**	**3,695.1**	**3,752.1**	**3,268.0**
Total non-current liabilities	12,784.9	10,585.4	7,962.5	6,019.9
Total current liabilities	213,477.9	165,795.3	204,193.5	180,022.0
Total liabilities	**226,262.8**	**176,380.7**	**212,156.0**	**186,041.9**
Total equity and liabilities	**230,216.8**	**180,075.8**	**215,908.1**	**189,309.9**

Note:

(1) The statement of financial position as at 31 March 2016 reflects the divestment of International Securities Exchange Holdings, Inc. as discontinued operations.

(2) The adjusted balance sheet as at 31 December 2014 reflects the changes from the allocation of the purchase price for Clearstream Global Securities Services Limited, Cork, Ireland.

Consolidated Statement of Cashflows of the Deutsche Börse Group

	Year ended 31 December 2015	2014	2013
		(€ million) (audited)	
Cash flows from operating activities excluding CCP positions	796.6	684.8	797.3
Cash flows from operating activities	10.1	677.3	728.3
Cash flows from investing activities	(1,592.3)	(250.4)	(829.2)
Cash flows from financing activities	76.1	(441.1)	(497.6)
Net change in cash and cash equivalents	(1,506.1)	(14.2)	(598.5)
Cash and cash equivalents at period end	**(1,579.4)**	**(68.5)**	**(56.2)**

Sales Revenue. The Deutsche Börse Group's sales revenue increased from €2,347.8 million in 2014 by 16.0 per cent. to €2,722.8 million in 2015. Sales revenues in 2015 were driven by significant growth rates in the Eurex (+27 per cent.) and Xetra (+14 per cent.) trading segments with the post-trading and market data businesses also contributing solid increases. Some of the growth was accounted for by companies that were newly included in the Deutsche Börse Group's scope of consolidation: Powernext (including EPEX Spot SE and its subsidiaries), APX Holding Group, Clearstream Global Securities Services (CGSS) and 360T Beteiligungs GmbH. Without these consolidation effects, sales revenue increased from €2,265.2 million in 2014 by 15 per cent. to €2,605.20 million in 2015. The Deutsche Börse Group's sales revenue increased from €2,160.3 million in 2013 by 8.7 per cent. to €2,347.8 million in 2014. Significant volatility provided the basis for a successful last quarter in 2014, however other cyclical factors, such as the continuing low interest rate policies pursued by the central banks, continued to weigh on parts of the business. The increase in sales revenue was also driven by the consolidation of European Energy Exchange AG since 1 January 2014 and Clearstream Global Securities Services Limited since 3 October 2014.

Total Revenue. In addition to sales revenue, total revenue includes net interest income from banking business and other operating income.

Net interest income from banking business increased considerably from €35.9 million in 2013 by 4.7 per cent. to €37.6 million in 2014, and from €37.6 million in 2014 by 34.6 per cent. to €50.6 million in 2015. Since the financial year ended 31 December 2015, net interest income has included interest income and expenses in the Eurex segment, on top of income generated in the Clearstream segment. The 2014 figure had been restated accordingly. This relates to income which the clearing houses generate by investing cash collateral posted by their clients.

Other operating income increased from €20.6 million in 2013 by 12.1 per cent. to €23.1 million in 2014, and from €23.1 million in 2014 by 2.2 per cent. to €23.6 million in 2015.

In principle, the drivers of Deutsche Börse AG's business activities developed positively in the first quarter of 2016. Overall, Deutsche Börse Group's sales revenue rose by 6.6 per cent. year-on-year to €658.4 million (first quarter of 2015: €617.7 million). Net profit for the first quarter of 2016 decreased by 9.9 per cent. to €212.1 million (first quarter of 2015: €235.5 million).

Cash and cash equivalents. Cash and cash equivalents changed from €-56.2 million as at 31 December 2013 to €-68.5 million as at 31 December 2014 and to €-1,579.4 million as at 31 December 2015 due to the changes in cash flows from operating, investing and financing activities.

Save as disclosed above, there has been no significant change in the financial condition or operating results of the Deutsche Börse Group during the three years ended 31 December 2015, 2014 and 2013 and the three months to 31 March 2016, the date to which the latest unaudited interim condensed consolidated financial information in relation to the Deutsche Börse Group was prepared or subsequent thereto.

LSEG

The tables below set out LSEG's summary financial information for the periods indicated, as reported in accordance with EU IFRS. In 2014, LSEG changed its financial year end from 31 March to 31 December, resulting in a nine-months financial year ended 31 December 2014. The audited consolidated financial information for LSEG for each of the financial years ended 31 December 2015, 31 March 2014 and 31 March 2013 and for the nine-months financial year ended 31 December 2014 has been extracted from the audited consolidated financial statements of LSEG for the financial years ended 31 December 2015, 31 March 2014 and 31 March 2013 and for the nine-months financial year ended 31 December 2014.

Consolidated Statement of Income of LSEG

	Year ended 31 December 2015	Nine month period ended 31 December 2014	Year ended 31 March 2014	Year ended 31 March 2013
	(£ million) (audited)			
Continuing Operations				
Revenue	**1,324.7**	**884.7**	**1,088.3**	**726.4**
Total income	**1,418.6**	**957.3**	**1,209.6**	**871.2**
Gross Profit	1,293.1	887.9	1,135.5	811.2
Expenses				
Operating expenses before amortisation of purchased intangible assets and non-recurring items	(708.4)	(482.4)	(624.3)	(362.7)
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	**584.7**	**405.5**	**511.2**	**430.2**
Amortisation of purchased intangible assets	(149.6)	(90.3)	(116.5)	(88.8)
Non-recurring items	(30.7)	(82.0)	(41.6)	7.0
Operating profit/(loss)	404.4	233.2	353.1	348.4
Finance income	2.9	2.2	5.5	14.5
Finance expense	(71.2)	(53.3)	(74.3)	(64.0)
Net finance expense	(68.3)	(51.1)	(68.8)	(49.5)
Profit/(loss) before taxation from continuing operations	**336.1**	**182.1**	**284.3**	**298.9**
Profit/(loss) for the period	**357.1**	**137.4**	**182.7**	**215.5**

Section B—Issuer

Consolidated Statement of Financial Position of LSEG

	As at 31 December		As at 31 March	
	2015	2014	2014	2013
	(£ million) (audited)			
Non-current assets	3,987.6	4,797.2	2,675.8	2,165.5
Current assets	457,990.0	453,196.9	504,987.4	146,760.5
Assets held for sale	1,273.6	5.3	—	—
Total assets	**463,251.2**	**457,999.4**	**507,663.2**	**148,926.0**
Current liabilities	458,050.9	453,037.3	504,448.6	146,362.9
Liabilities directly associated with assets held for sale	539.0	—	—	—
Non-current liabilities	1,465.2	2,006.8	1,257.7	964.1
Total liabilities	**460,055.1**	**455,044.1**	**505,706.3**	**147,327.0**
Net assets	**3,196.1**	**2,955.3**	**1,956.9**	**1,599.0**
Total equity	**3,196.1**	**2,955.3**	**1,956.9**	**1,599.0**

Consolidated Statement of Cashflows of LSEG

	Year ended 31 December 2015	Nine month period ended 31 December 2014	Year ended 31 March 2014	Year ended 31 March 2013
		(£ million) (audited)		
Net cash inflow/(outflow) from operating activities	497.9	287.9	325.3	342.5
Net cash (outflow)/inflow from investing activities	(86.0)	(1,456.3)	(28.0)	(59.4)
Net cash (outflow)/inflow from financing activities	(321.6)	1,422.9	194.4	(55.5)
Cash and cash equivalents at end of year	**1,176.4**	**1,127.2**	**919.2**	**446.2**

In the 12 months ended 31 December 2015, LSEG delivered a good financial performance with all businesses delivering growth on an underlying, organic constant currency basis. Revenue from continuing operations rose to £1,324.7 million, an increase of 50 per cent. from the nine months ended 31 December 2014. Growth in revenues stemmed largely from information and technology services, driven by the first full year contribution from the FTSE Russell Index business and good growth from its other businesses. In the 12 months ended 31 March 2014, LSEG benefited from strong capital markets revenue compared to the year ended 31 March 2013. Total income increased by 39 per cent. to £1,209.6 million, including contribution from LCH for the first time, from £871.2 million in the 12 months ended 31 March 2013.

Operating profit for the 12 months ended 31 December 2015 increased 73 per cent. to £404.4 million from £233.2 million in the nine months period ended 31 December 2014. The pro rata increase was due to a strong revenue increase, partially offset by higher expenses as a percentage of income. In the 12 months ended 31 March 2014, operating profit increased only slightly, to £353.1 million from £348.4 million in the 12 months ended 31 March 2013.

Section B—Issuer	
	Cash and cash equivalents at the end of 2015 were £1,176.4 million, including £252.5 million reclassified as assets held for sale (discontinued operations). Cash and cash equivalents at the end of 2015 from continuing operations decreased due to repayments of borrowings, dividend payments to shareholders, and investments in available for sale financial assets. In the period ended 31 December 2014, significant investments were made to acquire the Frank Russell Company group, but cash and cash equivalents at the end of the year increased compared to the beginning of the period due to cash inflows from the acquisition, proceeds from borrowings, and proceeds from a capital raise. In the period ended 31 March 2014, cash inflows of £491.7 million were primarily attributable to cash generated by operations, proceeds from borrowings, cash inflows from acquisitions (offset partially by investments in subsidiaries), and proceeds from a capital raise. In the 12 months ended 31 March 2013, cash flow was also positive, reflecting an inflow of £227.6 million mainly due to cash generated from operations and a net increase from financings. For the first quarter of 2016, LSEG plc delivered strong growth on an organic and on a constant currency basis for all of its main business divisions. Revenues have increased between eight and 14 per cent. within Information Services, LCH Group, Capital Markets and Post Trade Services. Technology Services revenue, however, decreased 18 per cent. compared to the first quarter of 2015 mainly as the result of the timing of customer deliveries. Save as disclosed above, there has been no significant change in the financial condition or operating results of LSEG during the years ended 31 March 2014 and 2013, the nine months financial year ended 31 December 2014 and the year ended 31 December 2015, the date to which the latest audited consolidated financial information in relation to LSEG was prepared or subsequent thereto.
B.8	***Key pro forma financial information*** The unaudited pro forma statement of net assets and unaudited pro forma income statement (together "**Unaudited Pro Forma Financial Information**") of the Combined Group set out below have been prepared for illustrative purposes only in accordance with Annex I and Annex II of the EU Prospectus Regulation (809/2004/EC) ("**PD Regulation**") and on the basis of the notes to the pro forma statements (and should be read together with such notes). The Unaudited Pro Forma Financial Information is presented in euro, the proposed functional currency of HoldCo. The Unaudited Pro Forma Financial Information has been prepared on the basis of the financial statements of LSEG plc and Deutsche Börse AG for the period ended 31 December 2015, the date to which the latest audited financial information in relation to both entities was prepared. The unaudited pro forma income statement has been prepared to illustrate the effect on the earnings of HoldCo as if the proposed Merger had taken place on 1 January 2015. The unaudited pro forma statement of net assets has been prepared to illustrate the effect on the net assets of HoldCo as if the proposed Merger had taken place on 31 December 2015. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Combined Group's actual financial position or results. The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies to be adopted by the Company in preparing its next audited consolidated financial statements.

Section B—Issuer

Unaudited pro forma income statement

	LSEG plc Year ended 31 December 2015	Deutsche Börse AG Year ended 31 December 2015	Pro Forma Adjustments: Transaction Costs	Pro Forma Adjustments: Tax benefits of transaction costs	Pro Forma Combined Group
	(€ million)				
Revenue					
Total income	**1,955.1**	**2,797.0**	**—**	**—**	**4,752.1**
Cost of sales	(173.0)	(429.6)	—	—	(602.6)
Gross profit	**1,782.1**	**2,367.4**	**—**	**—**	**4,149.5**
Expenses					
Operating expenses before amortisation of purchased intangible assets and non-recurring items	(976.3)	(1,243.4)	—	—	(2,219.7)
Amortisation of purchased intangible assets and non-recurring items	(249.2)	(131.4)	(308.4)	—	(689.0)
Gain on disposal of asset	0.7	—	—	—	0.7
Operating profit	**557.3**	**992.6**	**(308.4)**	**—**	**1,241.5**
Net interest expense	(94.1)	(42.4)	—	—	(136.5)
Income taxes	(66.3)	(249.0)	—	78.5	(236.8)
Profit from continuing operations	**396.9**	**701.2**	**(308.4)**	**78.5**	**868.2**

Unaudited pro forma net assets statement

	LSEG plc as at 31 December 2015	Deutsche Börse AG as at 31 December 2015	Pro Forma Adjustments: Elimination of purchased intangible and goodwill	Pro Forma Adjustments: Estimated purchase consideration	Pro Forma Adjustments: Transaction costs	Pro Forma Adjustments: Tax benefits of transaction costs	Pro Forma Combined Group
				(€ million)			
Non-current assets	5,425.3	14,386.9	(9,024.9)	29,049.2	—	—	39,836.4
Current assets	623,095.4	165,688.9	—	—	—	—	788,784.3
Assets held for sale	1,732.7	—		—	—	—	1,732.7
Total assets	**630,253.4**	**180,075.8**	**(9,024.9)**	**29,049.2**	**—**	**—**	**830,353.4**
Current liabilities	623,178.2	165,795.3	—		308.4	(78.5)	789,203.5
Non-current liabilities	1,993.4	10,585.4	—	—	—	—	12,578.8
Liabilities held for sale	733.3	—	—	—	—	—	733.3
Total liabilities	**625,904.9**	**176,380.7**	**—**	**—**	**308.4**	**(78.5)**	**802,515.6**
Net assets	**4,348.5**	**3,695.1**	**(9,024.9)**	**29,049.2**	**(308.4)**	**78.5**	**27,837.8**

B.9 *Profit forecast or estimate*

The Company

Not applicable. There is no profit forecast or estimate for the Company.

LSEG

Not applicable. There is no profit forecast or estimate for LSEG plc.

Section B—Issuer	
	The Deutsche Börse Group **Deutsche Börse Profit Forecast** On 17 February 2016, Deutsche Börse AG released its preliminary results announcement for the fourth quarter and full year ended 31 December 2015. On 18 February 2016, Deutsche Börse AG presented its preliminary results for the fourth quarter and full year ended 31 December 2015 in an annual press briefing and an analyst and investor conference call. Included in the preliminary results announcement, annual press briefing and analyst and investor conference call was the following guidance from Deutsche Börse AG for the Deutsche Börse Group for the financial year ending 31 December 2016 (the "**Deutsche Börse Profit Forecast**"): *2016 Guidance.* • 5 per cent.–10 per cent. net revenue growth. • 0 per cent.–5 per cent. operating costs growth, excluding around €75m of exceptional items (e.g. restructuring, litigation, M&A integration). • 10 per cent.–15 per cent. net income growth. The Deutsche Börse Profit Forecast, which was released by Deutsche Börse AG prior to announcement of the Merger, relates to net revenue growth, operating cost growth and net income growth, in line with the previous guidance given by Deutsche Börse AG and as means of evaluating the financial and operating performance of the Deutsche Börse Group. Deutsche Börse AG makes a net profit forecast annually. The Deutsche Börse Profit Forecast was originally made in February 2016 and was not made in the context of the Merger which is why it was not made in accordance with ESMA 47. Deutsche Börse AG has a fixed tax rate and the market is therefore able to calculate its profit before tax. ***Basis of preparation*** The Deutsche Börse Profit Forecast is based on the preliminary results of the Deutsche Börse Group for the fourth quarter and full year ended 31 December 2015 and management account forecasts of the results of the Deutsche Börse Group for the financial year ending 31 December 2016. The Deutsche Börse Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Company. ***Assumptions*** The Deutsche Börse Profit Forecast is based on the following assumptions for the period to which they relate: *Factors outside the influence or control of the Directors* • There will be continued recovery of the eurozone and world economies. • There will be no material changes to the conditions of the markets in which Deutsche Börse AG operates. • The main exchange rates and inflation and tax rates in Deutsche Börse AG's principal markets will remain materially unchanged from the prevailing rates. • There will be no material changes in legislation or regulatory requirements impacting on Deutsche Börse AG's operations or its accounting policies. • There will be no material changes to Deutsche Börse AG's obligations to customers. • There will be no material change to the competitive environment leading to an adverse impact on consumer preferences or the capacity of the Deutsche Börse AG business to penetrate new markets.

	Factors within the influence and control of the Directors • There will be no material impact on Deutsche Börse AG's ability to negotiate new business. • There will be no material change to Deutsche Börse AG's customer base or the ability or willingness of the customer base to meet its obligations to Deutsche Börse AG from that currently anticipated by the Directors. **Deutsche Börse 2018 Profit Guidance** Deutsche Börse AG had also previously given guidance with respect to net revenue, EBIT and net income for the period until the financial year ending 31 December 2018 (the "**Deutsche Börse 2018 Guidance**"). The Deutsche Börse 2018 Guidance was approved by the Deutsche Börse Management Board in July 2015 and relates to Deutsche Börse AG on a standalone basis and was based on its continued operation as an independent group. The Deutsche Börse 2018 Guidance does not reflect any synergies, opportunities, reorganisation, restructuring or transaction costs associated with the Merger. As part of the Combined Group, the actual results of the Deutsche Börse Group for the period until the financial year ending 31 December 2018 above will differ significantly from the Deutsche Börse 2018 Guidance for reasons including the following: • Cost synergy opportunities—Deutsche Börse AG and LSEG plc expect to generate recurring pre-tax cost synergies of approximately €450 million per annum in year three post Completion in connection with the Merger; • Pre-tax gross revenue synergy opportunities—Deutsche Börse AG and LSEG plc believe that there is significant opportunity for pre-tax gross revenue synergies of at least €250 million per annum in year five post Completion, driven by the ability of the Combined Group to offer both existing and new innovative products through an expanded global distribution network to both new and existing customers across buy-side and sell-side; • Transaction costs—Deutsche Börse AG currently estimates that the aggregate amount of expenses it will incur for legal, financial, accounting and other professional advisers related to the Merger will be approximately up to €129 million and LSEG plc currently estimates that the aggregate amount of such expenses that it will incur will be approximately up to €178 million, in each case, plus applicable VAT; and • Other costs—the costs of integration, reorganisation and restructuring to be carried out following Completion of the Merger. Consequently, the Deutsche Börse 2018 Guidance does not reflect the views of the Directors and the Proposed Directors of HoldCo in respect of the future financial performance of the Combined Group following Completion, and therefore, the Deutsche Börse 2018 Guidance is considered by the Directors and the Proposed Directors of HoldCo to no longer be valid in the context of the Merger. As such it is not necessary to reassess such guidance for the purposes of the Listing Rules.
B.10	***Qualifications in the audit report on the historical financial information*** **The Company** Not applicable. There are no qualifications to the audit or accountants' report on the historical financial information of the Company. **The Deutsche Börse Group** Not applicable. There are no qualifications to the audit or accountants' report on the historical financial information of the Deutsche Börse Group.

Section B—Issuer	
	LSEG Not applicable. There are no qualifications to the audit or accountants' report on the historical financial information of LSEG.
B.11	***Insufficient working capital*** Not applicable. The Company is of the opinion that, taking into account the cash resources and bank facilities available to the Combined Group, the Combined Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of publication of this document.

Section C—Shares	
C.1	***Type and class of securities being admitted to trading*** The Company is proposing to list up to 344,919,586 HoldCo Shares, with a nominal value of €1.00 each, all of which will be fully paid. Upon Admission, the HoldCo Shares will be registered with International Securities Identification Number (ISIN) GB00BYMYCZ62.
C.2	***Currency*** The currency of the HoldCo Shares is euro.
C.3	***Issued share capital*** As at 27 May 2016 (being the Latest Practicable Date), the Company had an issued ordinary share capital of one ordinary share with a nominal value of £1.00 and 49,999 redeemable preference shares of £1.00 each.
C.4	***Rights attaching to the HoldCo Shares*** The HoldCo Shares, on Admission, will rank equally for voting purposes. On a show of hands, each holder of HoldCo Shares (a "**HoldCo Shareholder**") or its proxy has one vote and on a poll each HoldCo Shareholder or its proxy has one vote for every HoldCo Share held. The HoldCo Shares will carry the right to, and will rank equally for, all dividends and other distributions declared, made or paid on or after Completion.
C.5	***Restrictions on transfer*** Not applicable. The HoldCo Shares are freely transferable and there are no restrictions on transfer in the UK.
C.6	***Admission*** No securities will be publicly offered under this document. Applications will be made by the Company to the UK Listing Authority and to the London Stock Exchange for up to 344,919,586 HoldCo Shares to be admitted to listing on the premium listing segment of the Official List maintained by the FCA and to trading on the main market for listed securities of the London Stock Exchange, respectively (the "**LSE Admission**"). Additionally, an application will be made for a prime standard listing and trading of the HoldCo Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (the "**FSE Admission**" and together with the LSE Admission, the "**Admission**"). It is expected that, subject to the conditions to the Merger being satisfied or, where appropriate, waived, Admission will become effective and dealings on the London Stock Exchange and the Frankfurt Stock Exchange in the HoldCo Shares will commence at 8.00 a.m. (London time) on or shortly after the date of Completion.

Section C—Shares	
C.7	***Dividends and dividend policy*** Following Completion and subject to the approval of the HoldCo board of directors (the "**HoldCo Board**"), the Combined Group intends to adopt a progressive dividend policy within the range of existing policies and payment timing of both LSEG plc and Deutsche Börse AG. This will include consideration of any dividends to shareholders of HoldCo in respect of the financial period ending 31 December 2016. It is envisaged that shareholders of HoldCo will be able to elect to have dividends paid in pounds sterling or euro. The HoldCo Shares will carry the right to all dividends and other distributions declared, made or paid on or after Completion. Following Completion, the ability of the Company to pay dividends will remain dependent on a number of factors and there is no assurance that the Company will pay dividends, or if a dividend is paid, what the amount of such dividend will be.

Section D—Risks	
D.1	***Key information on the key risks that are specific to the Company or its industry*** While the Merger remains subject to the fulfilment or waiver of certain conditions and there is no assurance that the Merger will be completed, certain of the key risks below have been described on the basis of the Combined Group as it will be in existence on the date of Completion (unless expressly stated or the context otherwise requires). • Completion is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including various regulatory and merger control approvals and clearances (certain of which may involve the imposition of undertakings, conditions, requirements as a condition to such approvals or clearances or the restriction or revocation of issued permissions or permits) and there is no assurance that these (or other) conditions will be satisfied (or waived, where applicable). • The Combined Group's success will be dependent upon its ability to integrate the two businesses. There will be numerous challenges associated with the integration, and the synergies anticipated from the Merger may not be achieved as expected, or at all. • If HoldCo does not acquire 100 per cent. of Deutsche Börse Shares pursuant to the exchange offer to all shareholders of Deutsche Börse AG ("**Exchange Offer**") (and absent the implementation of integration measures, such as a squeeze-out), Deutsche Börse AG will continue to have continuing minority shareholders. Future actions taken with respect to minority shareholders may involve significant costs or value leakage, be subject to challenge and would take time to implement. • The Combined Group is affected by economic, political and social factors that influence the level of activity in global financial markets which are beyond its control including risks associated with the UK's potential exit from the European Union. • The value of the Combined Group upon Completion will be affected by developments relating to LSEG plc and Deutsche Börse AG respectively, and due to the fixed exchange ratio, the shareholders of LSEG plc ("**LSEG Shareholders**") and the shareholders of Deutsche Börse AG ("**Deutsche Börse Shareholders**") may receive HoldCo Shares worth less than the LSEG Shares or Deutsche Börse Shares they previously held. • The Combined Group faces significant competition from a variety of sources across its main business divisions. • The Combined Group operates in highly regulated markets which may restrict the operations of the Combined Group, and non-compliance with legal and regulatory requirements may result in the Combined Group and its group entities becoming subject to regulatory sanctions, fines, censures or other regulatory action. • The Combined Group's businesses may be affected by the proposed introduction of a European Union financial transaction tax and/or a tax on high frequency trading.

Section D—Risks	
	• Regulatory capital requirements may negatively affect the Combined Group's business and are subject to change. • The Combined Group is highly dependent on technology and advanced information systems, and operates in a business environment that continues to experience significant and rapid technological change. The failure of, or disruption to these systems and those of its third party service providers, or any operational failure in the Combined Group's manual data processes, could adversely affect the Combined Group's business. • The Combined Group is exposed to risks associated with its clearing activities, including risks associated with collateral management and counterparty default risks with respect to its CCP members and investment counterparties. Following Completion, the Combined Group will be exposed to increased risks associated with these activities due to differences in the clearing models operated by Deutsche Börse Group and LSEG and increased investment concentrations. • Through its CSDs, the Combined Group is exposed to risks associated with its settlement activities, including in relation to the international nature and broad product range of its settlement business. • The Combined Group may be required to hold significantly more regulatory capital on a group or sub-group consolidated basis if HoldCo or an additional intermediary company of the Combined Group becomes a financial holding company in the future. • The Combined Group is exposed to fluctuations in foreign exchange rates and interest rates. • The Combined Group is subject to significant litigation risks and other liabilities, and risks related to its proprietary software, intellectual property rights, or allegations that it has infringed intellectual property rights of others. • The Company may be or become taxable in a jurisdiction other than the UK, which may increase the aggregate tax burden of the Company and its shareholders, including, for example, by the imposition of withholding tax on dividends. The combination of the business of the Deutsche Börse Group and LSEG may result in an increase in the Combined Group's overall tax burden.
D.3	***Key information on the key risks specific to the securities*** • Because HoldCo is a holding company and substantially all of its operations will be conducted through its subsidiaries, its ability to pay dividends on the shares depends on its ability to obtain cash dividends or other cash payments or to obtain loans from such entities. • There has been no prior public market for HoldCo Shares. • Holders of the HoldCo Shares in certain jurisdictions, including the United States of America may not be able to exercise their pre-emption rights if HoldCo increases its share capital.

Section E—Offer	
E.1	***Net proceeds and costs of the offer*** Not applicable. There is no offer of the Company's securities pursuant to this document so there are no net proceeds receivable by the Company. The total costs and expenses relating to the issue of this document, Admission and the implementation of the Merger are estimated to amount to approximately up to €308 million plus applicable VAT and are payable by the Combined Group.
E.2a	***Reasons for the offer and use of proceeds*** Not applicable. There is no offer of the Company's securities pursuant to this document. This document does not constitute an offer or invitation to any person to subscribe for or purchase any shares in Deutsche Börse AG or LSEG plc. Deutsche Börse AG and LSEG plc will not receive any proceeds as a result of the Merger.

<table>
<tr><th colspan="2">Section E—Offer</th></tr>
<tr><td>E.3</td><td>Terms and conditions of the offer

Not applicable. There is no offer of the Company’s securities pursuant to this document.</td></tr>
<tr><td>E.4</td><td>Material interests

Insofar as known to the Company, immediately following Completion, the following persons may be interested directly or indirectly in 3 per cent. or more of the voting rights in respect of the issued ordinary share capital of the Company, based on the assumption that the last known holdings of such persons in Deutsche Börse AG or LSEG plc (as applicable) as at the Latest Practicable Date do not change, the Exchange Ratios and the relevant indicative merger statistics set out in Part 5: “Indicative Merger Statistics”:

<table>
<tr><th>Name</th><th>Known number of voting rights of LSEG plc as at date of Notification</th><th>Known number of voting rights of Deutsche Börse AG as at date of Notification</th><th>Anticipated number of voting rights corresponding to HoldCo Shares to be received under Merger</th><th>Percentage of voting rights in respect of enlarged issued share capital of HoldCo immediately following Completion</th></tr>
<tr><td>BlackRock, Inc. . . . .</td><td>30,477,457</td><td>10,890,057</td><td>24,364,141</td><td>7.06</td></tr>
<tr><td>Invesco Limited . . . .</td><td>18,558,960</td><td>9,696,489</td><td>17,901,405</td><td>5.19</td></tr>
<tr><td>Qatar Investment Authority</td><td>35,970,000</td><td>—</td><td>15,902,337</td><td>4.61</td></tr>
<tr><td>Total . . . .</td><td>85,006,417</td><td>20,586,546</td><td>58,167,883</td><td>16.86</td></tr>
</table></td></tr>
<tr><td>E.5</td><td>Selling Shareholder and details of lock-up arrangements

Not applicable. There is no offer of the Company’s securities pursuant to this document and there are no selling shareholders.</td></tr>
<tr><td>E.6</td><td>Dilution

Not applicable. No securities will be publicly offered and sold under this document, which is published by the Company in connection with Admission.</td></tr>
<tr><td>E.7</td><td>Estimated expenses charged to the investor

Not applicable. No expenses will be directly charged to the investors by the Company.</td></tr>
</table>

PART 1—RISK FACTORS

Investing in and holding HoldCo Shares involves financial risk. Investors in the HoldCo Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Combined Group and the HoldCo Shares which should be considered together with all other information contained in this document. If one or more of the following risks were to arise, the Combined Group's business, financial condition, results of operations, prospects and/or HoldCo's share price (or, prior to Completion or if the Merger does not complete, the share price of LSEG Shares and Deutsche Börse Shares) could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily comprise all of the risks associated with an investment in the Combined Group and the HoldCo Shares. Additional risks and uncertainties not currently known to the Combined Group or which the Combined Group currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Combined Group's business, results of operations, financial condition, prospects and/or share price. Prospective investors should note that the risks relating to the Combined Group, its industry and the HoldCo Shares summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the HoldCo Shares. However, as the risks which the Combined Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

While the Merger remains subject to the fulfilment or waiver of certain conditions and there is no assurance that the Merger will be completed, certain of the risk factors below have been drafted on the basis of the Combined Group as it will be in existence following the Merger (unless expressly stated or the context otherwise requires).

You should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if you do not understand this document.

1 Risks Relating to the Merger

1.1 *Completion is subject to a number of conditions which may not be satisfied or waived.*

Completion of the Merger, including the Deutsche Börse Acquisition and the LSEG Acquisition, is subject to the fulfilment or waiver of various Conditions, as described in more detail in Part 9: "*Terms and Conditions of the Merger*" of this document including the receipt of all required regulatory, merger control, court and shareholder approvals. There is no guarantee that these Conditions will be satisfied and therefore, there can be no assurance that the Merger—or the Deutsche Börse Acquisition or the LSEG Acquisition—will be completed as contemplated or at all.

The Merger is conditional on, amongst other things: (i) acceptances being received in respect of the Exchange Offer in respect of at least 75 per cent. of the Deutsche Börse Shares (less treasury shares held at the beginning of the Acceptance Period); (ii) the requisite approvals of the LSEG Shareholders for the Scheme and the Merger; (iii) the Court sanctioning the Scheme, and the Merger becoming effective, no later than 30 June 2017; (iv) relevant merger control and regulatory clearances and approvals being received; and (v) the FCA acknowledging that the application for the admission of the HoldCo Shares to listing on the premium segment of the Official List has been approved and the London Stock Exchange acknowledging that the HoldCo Shares will be admitted to trading on the London Stock Exchange's main market for listed securities.

The LSEG Acquisition and the Deutsche Börse Acquisition are inter-conditional such that Completion will only occur if both the LSEG Acquisition and the Deutsche Börse Acquisition are completed by HoldCo. The inter-conditionality is achieved by making both the Exchange Offer and the Scheme dependent on the same conditions, or conditions that are functionally equivalent, as the case may be. If the Merger proceeds notwithstanding the failure to satisfy one or more conditions (such as a regulatory condition) under the Deutsche Börse Acquisition or the LSEG Acquisition, or regulatory approvals which are not conditions, such failure could result in the Combined Group becoming subject to investigations and/or regulatory, administrative or judicial proceedings in a particular jurisdiction, which may result in sanctions, fines and penalties, including the restriction or revocation of an authorisation or licence necessary to operate its business in that jurisdiction. Any such investigations or actions by the local regulator, and the associated loss of revenue arising from a loss of authorisation or licence required for a particular business, could have a material adverse effect on the Combined Group's business, cash flows, financial condition and operating results.

The Merger is conditional on, amongst other things, receiving merger control clearance in the European Union, the United States and Russia and regulatory approvals from relevant financial services and markets regulators in a number of jurisdictions, including Germany, the UK, France, Luxembourg, Italy, Switzerland, Singapore and the U.S. Although not conditions to the Merger, a number of other merger control and regulatory clearances and approvals will also be sought by LSEG plc, Deutsche Börse AG and/or HoldCo in connection with the Merger. In this context, regulators will review implications of the Merger on licences and permits granted to LSEG or the Deutsche Börse Group. The merger control authorities and financial services and markets regulators from which LSEG, the Deutsche Börse Group and HoldCo are, seeking clearances or approvals have discretion in administering the governing regulations and may impose or seek undertakings, conditions or requirements as a condition of clearing (or, as applicable, not objecting to or prohibiting) the Merger or, in certain cases, following Completion. These could include limitations on the conduct of the Combined Group, limitations, modifications or even the revocation of permits and licenses granted to LSEG or the Deutsche Börse Group and/or commitments in relation to the governance, internal organisation and the financial resources of the Combined Group or divestments by it. LSEG, the Deutsche Börse Group or HoldCo may need to offer such undertakings, conditions or requirements in order to obtain such clearances and approvals. Any such undertakings, conditions or requirements could jeopardise or delay Completion, materially limit the revenues of either LSEG or the Deutsche Börse Group, increase the costs of LSEG or the Deutsche Börse Group or reduce the anticipated benefits of the Merger to the Combined Group.

In addition, the regulatory approval processes and/or the merger control clearance processes may take a lengthy period of time to complete and may be delayed or otherwise adversely impacted by any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom). There is no guarantee that the Conditions will be satisfied, satisfied in the necessary time frame before the Scheme Court Hearing or the Long Stop Date (as applicable), or waived, if applicable, and the Merger may, therefore, not complete. Delay in completing the Merger will prolong the period of uncertainty for LSEG and the Deutsche Börse Group and both delay and failure to complete may result in the accrual of additional and, in the case of a failure to complete, wasted costs to their businesses (for example, there may be an increase in costs or, in the case of a failure to complete, waste of costs already incurred in relation to the preparation and issue of documentation or other elements of the planning and implementation of the Merger) without any of the potential benefits of the Merger having been achieved. In addition, LSEG plc's and Deutsche Börse AG's management would have spent time in connection with the Merger which could otherwise have been spent more productively in connection with the other activities of LSEG and the Deutsche Börse Group, as applicable. Customers may delay or decide against entering into agreements with the Deutsche Börse Group or LSEG during any periods prior to Completion, which could lead to a loss of revenue. Therefore, the aggregate consequences of a material delay in completing the Merger may have a material adverse effect on the business, results of operations and financial condition of the Combined Group.

1.2 *The Combined Group's success will be dependent upon its ability to integrate the two businesses; there will be numerous challenges associated with the integration and the synergies anticipated from the Merger may not be achieved as anticipated, or at all and the costs to achieve the synergies and benefits may be higher than anticipated.*

The success of the Combined Group will depend, in part, on the effectiveness of the integration process and the ability of the Combined Group to realise the anticipated benefits from combining the respective businesses. To the extent that the Combined Group is unable to efficiently integrate the operations of LSEG and the Deutsche Börse Group, realise anticipated revenue synergies or cost reductions, retain qualified personnel or customers and avoid unforeseen costs or delay, there may be an adverse effect on the business, results of operations, the financial condition and/or prospects of the Combined Group.

In particular, some of the key integration challenges of combining the businesses include: co-ordinating and consolidating services and operations, particularly across different countries, regulatory systems and business cultures; consolidating infrastructure, procedures, systems, facilities, accounting functions and policies, compensation structures and other policies; and operating and integrating a large number of different technology platforms and systems. While the Directors believe that the transaction and integration costs and the revenue synergies or cost reductions anticipated to arise from the Merger have been reasonably estimated, unanticipated events or liabilities may arise which result in a delay or reduction in the benefits anticipated to be derived from the Merger, or in costs significantly in excess of those estimated. Such events or liabilities may be as a result of a decision or action taken by a regulator with jurisdiction over the Combined Group's business, any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom) or any change in the regulatory or legislative framework applicable to the Combined Group, which has an adverse impact on the Combined Group's business or otherwise. No assurance can be given that the integration process will deliver all or substantially all of the anticipated benefits or realise any such benefits.

LSEG's and the Deutsche Börse Group's and, following Completion, the Combined Group's management and resources may be distracted during the integration planning and implementation process. This may reduce the capacity to pursue other business opportunities, cause a delay in other projects currently contemplated by LSEG or the Deutsche Börse Group (and which are intended to be continued by the Combined Group following Completion) or lead to an increase in the level of administrative errors. A decline or fault during the integration process in the services or service standards of the Combined Group may result in an increase in customer complaints and customer and/or regulatory actions, which may lead to reputational damage and the loss of customers or business by the Combined Group and ultimately have an adverse impact on financial performance and condition.

There will inevitably be a cost involved in revising the current systems and structures of the Combined Group following Completion. There is a risk that these costs could exceed current estimates, which may adversely affect anticipated integration benefits.

Under any of these circumstances, the business growth opportunities, overhead cost reductions and other synergies anticipated by the Boards to result from the Merger may not be achieved as expected, or at all, or may be materially delayed. To the extent that the Combined Group incurs higher integration costs or achieves lower synergy benefits than expected, its business, results of operations, financial condition and/or prospects, and the price of HoldCo Shares, may be adversely affected.

1.3 ***If Deutsche Börse Shareholders do not tender their Deutsche Börse Shares in the Exchange Offer, the consideration that Deutsche Börse Shareholders may receive at a later point in time may substantially differ in form and/or value from the consideration that they would have received had they tendered their Deutsche Börse Shares in the Exchange Offer, and following the completion of the Exchange Offer, the liquidity and market value of any remaining Deutsche Börse Shares not held by HoldCo could be materially adversely affected.***

Following the completion of the Exchange Offer and depending on the acceptance level achieved in the Exchange Offer, Deutsche Börse AG will become a wholly or majority-owned subsidiary of HoldCo. Should the Exchange Offer not be accepted by all Deutsche Börse Shareholders, any post-completion corporate measures (as described in the risk factor below) by HoldCo may either seek to eliminate any remaining minority shareholder interest in Deutsche Börse AG after completion of the Exchange Offer or allow HoldCo to control Deutsche Börse AG to the greatest extent legally permissible, regardless of the existence of any remaining minority shareholder interest.

Deutsche Börse Shareholders who do not exchange their Deutsche Börse Shares in the Exchange Offer may receive, or may be offered, in such case a different (including a lower) amount and/or a different form of consideration than they would have received if they had exchanged their Deutsche Börse Shares in the Exchange Offer. Subject to applicable law, any post-completion corporate measures could result in the fact that the non-accepting Deutsche Börse Shareholders receive, at a maximum, the same number of HoldCo Shares per Deutsche Börse Share(s) or consideration having the same value (without taking into account the different tax treatment and withholding requirements that may apply) that they would have received in the Exchange Offer. However, the amount or form of consideration to be offered may be different, and, in particular, may be lower. HoldCo in turn may incur higher costs, if such consideration is higher. Furthermore, if the value of HoldCo Shares declines after Completion, there may be no obligation of HoldCo to pay to the Deutsche Börse Shareholders who did not exchange their shares the higher value received by the Deutsche Börse Shareholders who exchanged their shares in the Exchange Offer.

Additionally, the liquidity of any remaining Deutsche Börse Shares not held by HoldCo could be significantly reduced, which would reduce the ability of the remaining Deutsche Börse Shareholders to sell their shares and could materially adversely affect the market value of those remaining Deutsche Börse Shares. A lower level of liquidity in the trading of Deutsche Börse Shares could result in greater price fluctuations of Deutsche Börse Shares than in the past. Moreover, memberships in certain stock exchange indices, in particular in the DAX or the EURO STOXX 50, could change as a result of a lower free float.

Furthermore, there is no guarantee that the value of the Deutsche Börse Shares not held by HoldCo following the completion of the Exchange Offer will remain at or exceed the implied value of the Deutsche Börse Shares under the terms of the Exchange Offer. The share price of such Deutsche Börse Shares may vary materially in the future.

1.4 ***Because the exchange ratios in the Exchange Offer and the Scheme are fixed, the market value of the HoldCo Shares to be received by Deutsche Börse Shareholders pursuant to the Exchange Offer or the HoldCo Shares to be received by LSEG Shareholders pursuant to the Scheme may be less than the market value of the Deutsche Börse Shares or LSEG Shares that such holder held prior to Completion.***

Under the terms of the Merger, Deutsche Börse Shareholders who tender their Deutsche Börse Shares in the Exchange Offer will receive one HoldCo Share for each tendered Deutsche Börse Share (the "**Deutsche Börse Exchange Ratio**"), and LSEG Shareholders will receive 0.4421 of a HoldCo Share for each of their LSEG Shares (the "**LSEG Exchange Ratio**" and together with the Deutsche Börse Exchange Ratio, the "**Exchange Ratios**") pursuant to the Scheme. These Exchange Ratios will not be adjusted to reflect any changes in the market price of Deutsche Börse Shares or LSEG Shares or exchange rates following the announcement of the Merger.

Changes in share price may result from a variety of factors that are beyond the control of the Combined Group, including its business prospects, market conditions, regulatory considerations, governmental actions, legal proceedings and other developments. Market assessments of the benefits of the Merger, implementation risks, as well as general and industry specific market and economic conditions may also have an adverse effect on share prices.

These or other factors could result in the market value of the HoldCo Shares to be issued to LSEG Shareholders pursuant to the Scheme (or, as applicable, to be issued to Deutsche Börse Shareholders pursuant to the Exchange Offer) being less than the market value of the LSEG Shares (or, as applicable, Deutsche Börse Shares) prior to Completion, including the market value at the time of an LSEG plc shareholder vote or when Deutsche Börse Shares were tendered into the Exchange Offer.

1.5 ***If HoldCo does not acquire 100 per cent. of the Deutsche Börse Shares pursuant to the Exchange Offer, (absent any corporate measures) Deutsche Börse AG will remain listed and have continuing minority shareholders. Future actions taken with respect to Deutsche Börse AG minority shareholders may involve significant costs or value leakage, be challenged and take time to implement.***

It is a condition of the Exchange Offer and the Merger that at the time of expiration of the Acceptance Period, the sum of the total number of Deutsche Börse Shares in relation to which the Exchange Offer has been accepted and withdrawal has not been validly declared and the total number of Deutsche Börse Shares that HoldCo already holds or has acquired, equals at least 75 per cent. of the Deutsche Börse Shares existing as at the end of the Acceptance Period minus 6,276,014 Deutsche Börse treasury shares held by Deutsche Börse AG at the time of the publication of the Exchange Offer Document. As such, the Merger may proceed to Completion without HoldCo acquiring 100 per cent. of the Deutsche Börse Shares. In such circumstances, HoldCo will be able to use its voting rights of more than 75 per cent. to declare dividends, amend the articles of Deutsche Börse AG, and appoint all shareholder representatives of the Deutsche Börse Supervisory Board, but will (absent any measures being taken—see further below for a description of potential measures which could be undertaken) continue to have minority shareholders and a listing on the Frankfurt Stock Exchange. In such circumstances, the rights and interests of minority shareholders will need to be taken into account and may constrain or delay the integration of the two businesses and the ability of the Combined Group to realise the anticipated benefits from combining those businesses and could therefore adversely impact the financial position and prospects of the Combined Group. Having an ongoing listing of Deutsche Börse AG would also be administratively burdensome and costly for the Combined Group.

HoldCo may implement one or more of the following possible corporate measures in respect of the Deutsche Börse Group after completion of the Exchange Offer. In some cases consultation with regulators may be required in respect of certain of these possible corporate measures which could impact the method and the timing of their implementation.

- *Exclusion of the remaining minority Deutsche Börse Shareholders through a "squeeze-out"*. A squeeze-out would require (under the relevant German squeeze out rules which apply to such measures) HoldCo to hold, directly or indirectly, at least 90 per cent. of the outstanding Deutsche Börse Shares. Such squeeze-out may be implemented at any time after the Exchange Offer either pursuant to (i) the German Transformation Act (*Umwandlungsgesetz*), which requires a direct or indirect shareholding of at least 90 per cent. or (ii) pursuant to the German Stock Corporation Act (*Aktiengesetz*), which requires a direct or indirect shareholding of at least 95 per cent. Alternatively, a squeeze-out may also be applied for three months after the expiry of the Acceptance Period with the District Court (*Landgericht*) Frankfurt am Main pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs-und Übernahmegesetz*) ("**WpÜG**") which requires a direct or indirect shareholding of at least 95 per cent. A squeeze-out under the German Stock Corporation Act or the German Transformation Act will involve minority shareholders being paid cash consideration only. A squeeze-out under the German Takeover Act will involve minority shareholders being paid the same kind of consideration as under the Exchange Offer, i.e. HoldCo Shares and, as a matter of law, with a cash consideration as an alternative (irrespective of the fact that no cash consideration was offered under the Exchange Offer). Accordingly, in any of these scenarios, minority shareholders can achieve a cash exit. The squeeze-out consideration to be offered to minority shareholders has to represent "adequate consideration". In the case of a squeeze out under the German Stock Corporation Act or the German Transformation Act, the consideration offered could be the same value as the consideration under the Exchange Offer but could also be of a higher or lower value. In the case of a squeeze out under the German Takeover Act, the consideration offered under the Exchange Offer will be deemed to be adequate compensation for the squeeze-out if 90 per cent. or more of the Deutsche Börse Shareholders originally accepted the Exchange Offer. If such assumption does not apply, the consideration offered could also be the same value as the consideration under the Exchange Offer but could also be of a higher or lower value. Implementation of a squeeze-out of any kind under the relevant German squeeze-out rules would lead to the termination of the listing of the Deutsche Börse Shares on the Frankfurt Stock Exchange.

- *Seek a delisting of Deutsche Börse AG.* There is no fixed percentage level of ownership required to seek a delisting of a company under German law and no resolution of the shareholders' meeting is required. HoldCo may request that Deutsche Börse AG apply for a delisting provided that a public offer for the purchase of all Deutsche Börse Shares is published. The consideration under the offer must be in cash and, as a general rule, at least be equal to the higher of (i) the weighted average domestic stock market price of the Deutsche Börse Shares in the 6 month period prior to the announcement of such public offer aimed at effecting a delisting, and (ii) the highest consideration provided or agreed to by HoldCo within the last 6 months prior to publication of the offer document which shall implement the offer aimed at effecting a delisting.
- *Seek the conclusion of a domination agreement or a profit and loss transfer agreement or a combination thereof between HoldCo and Deutsche Börse AG.* A domination agreement, pursuant to which HoldCo would be legally entitled to issue binding instructions to the Deutsche Börse Management Board requires approval at a shareholders' meeting of Deutsche Börse AG with a majority of at least 75 per cent. of the share capital represented at the passing of the resolution. Such approval is likewise required for a profit and loss transfer agreement, pursuant to which the entire annual profit of Deutsche Börse AG would automatically be transferred to HoldCo. In the context of Deutsche Börse AG's status as the operator of the Frankfurt Stock Exchange, HoldCo would only be able to put a domination agreement or a profit and loss transfer agreement (or a combination thereof) in place after appropriate consultations with Deutsche Börse AG's regulators. The conclusion of such agreement(s) would require HoldCo to offer to the remaining Deutsche Börse AG minority shareholders (i) a recurring annual cash compensation in an amount which reflects the "previous earnings and the prospects" of Deutsche Börse AG and (ii) to acquire their Deutsche Börse Shares for "adequate consideration". Accordingly, Deutsche Börse AG minority shareholders may decide either to remain as shareholders of Deutsche Börse AG and receive the recurring cash compensation or to sell their Deutsche Börse Shares. In the case of HoldCo, consideration would need to be offered in the form of HoldCo Shares. It would be possible to extend a cash consideration as an alternative to Deutsche Börse AG minority shareholders. In order to determine the value of the "adequate consideration" payable, a valuation would be required of HoldCo and Deutsche Börse AG as at the date of the Deutsche Börse AG shareholder meeting resolving to approve the relevant agreement. The amount of the recurring annual compensation would be determined on the basis of the expected earnings per share of HoldCo, the amount of which may be higher or lower than dividend payments made by Deutsche Börse AG in the past. HoldCo would, if such agreement(s) is put in place, also be obligated to compensate Deutsche Börse AG for any annual loss which would otherwise be reflected in the annual financial statements of Deutsche Börse AG.

Certain internal and external costs would be incurred in the event that HoldCo were to initiate any of the possible corporate measures described above, the amount of which could be significant depending on the amount of Deutsche Börse Shares which HoldCo does not own following completion of the Exchange Offer to which the action relates and depending on the form and value of consideration to be offered. Minority shareholders of Deutsche Börse AG may also be able to delay or prevent such steps becoming effective irrespective of the size of their shareholding. Any legal challenge by minority shareholders as to the validity of such a corporate action may be subject to judicial resolution that may substantially delay or hinder the implementation of this action or increase the costs associated with such measure. Such delays or disruptions of the implementation of corporate measures and any legal disputes and costs associated therewith may make the implementation of any such corporate measures more difficult or even impossible. Such costs and delays or disruptions may adversely affect the financial position or prospects of the Deutsche Börse Group and could, therefore, adversely impact the financial position, prospects and the anticipated integration of the Combined Group. In the event that HoldCo were to waive down the 75 per cent. acceptance threshold under the Exchange Offer (as described above) prior to the expiry of the Acceptance Period, it would not be certain that a domination agreement (or any other measure requiring approval at a shareholders' meeting of Deutsche Börse AG with a majority of at least 75 per cent. of the share capital represented such meeting) could be implemented. Furthermore, waiving down the acceptance threshold under the Exchange Offer would result in a higher number of minority shareholders of Deutsche Börse AG, potentially increasing the cost of, and the risk of delay to, the implementation of any corporate measures to remove such minority shareholders.

1.6 ***Failure to complete the Merger could negatively affect the prices of Deutsche Börse Shares and LSEG Shares and the future businesses and financial results of the Deutsche Börse Group and LSEG, respectively.***

If Completion does not occur, the share prices of Deutsche Börse Shares and/or LSEG Shares as well as their ongoing businesses may be adversely affected, including as a result of the following:

- having to pay certain non-recurring transaction costs relating to the Merger, such as legal, banks, accounting and other professional fees; and
- having to devote significant attention and resources of the respective management of Deutsche Börse AG and LSEG plc on the Merger instead of pursuing other business opportunities and/or limiting the capability to compete for and participate in important strategic opportunities which may arise in the industry that could have been beneficial to the respective companies.

There is no assurance that the Merger will complete and if Completion does not occur, Deutsche Börse AG and LSEG plc could, respectively, incur significant transaction costs in connection with the proposed Merger without any corresponding benefit.

2 Risks Relating to the Combined Group following Completion

2.1 ***Economic, political and social factors that influence the level of activity in global financial markets are beyond the Combined Group's control and may adversely affect its financial condition.***

The operating results of LSEG and the Deutsche Börse Group are, and the operating results of the Combined Group will be, highly dependent upon the level of global financial activity. Many of the factors that influence the levels of primary market issuances, together with issuers' market capitalisations, and secondary market trading, utilisation of post trade services and demand for information services (including data and index services), are beyond the control of LSEG and the Deutsche Börse Group but have the potential to adversely affect the business, financial condition and operating results of LSEG and the Deutsche Börse Group or, following the Merger, the Combined Group. Factors which could impact the Combined Group include:

- economic, political and geopolitical market conditions;
- inflation or deflation;
- general trends in the corporate finance market, including in the broad investment strategies adopted by large financial institutions, investment houses and other fund managers across different asset classes;
- macro-economic changes in global or regional demand or supply shifts for equity, derivatives, fixed-income, over-the-counter ("**OTC**") products, commodities and other capital markets products and services;

- changes in the financial standing of customers of LSEG's and the Deutsche Börse Group's respective businesses;
- the liquidity of financial markets and individual asset classes within the financial markets;
- changes in government, fiscal and monetary policies;
- legislative and regulatory changes, including any direct or indirect restrictions on (or increased costs associated with) trading and clearing in, and participant access to, relevant markets and the provision of information services or investment management, including those impacting LSEG, the Deutsche Börse Group and/or the Combined Group's customers and clients;
- changes in market infrastructure and practice;
- levels of volatility in global markets;
- economic sanctions or other restrictive economic measures; and
- any change or development in global, national or regional political conditions, external events such as acts of terrorism, cyber-crime or any outbreak of hostilities or war and natural disasters.

Any of the above could adversely affect the business, financial condition and operating results of the Combined Group.

2.2 *The Combined Group may be subject to risks associated with the UK's potential exit from the European Union.*

In May 2015, the EU Referendum Bill was introduced into the UK Parliament, which confirmed that a referendum on the UK's membership of the EU shall be held by 31 December 2017 (the "**Referendum**"). The Referendum is scheduled to take place on 23 June 2016. Whilst the outcome of the Referendum is not a condition of the Merger, there is considerable uncertainty as to the impact of the Referendum on the general economic conditions in the UK (and other jurisdictions in which the Combined Group operates, including the European Union), the UK's financial services industry, the Combined Group and the legal and regulatory environment in which it operates. As such, no assurance can be given as to the impact of the Referendum and, in particular, no assurance can be given that such matters would not adversely affect the Combined Group's businesses and the principal markets in which it operates. A Referendum Committee has been established by LSEG plc and Deutsche Börse AG (which, following Completion, will become a committee of the HoldCo Board if the UK votes to leave the European Union), whose purpose is to consider the ramifications in the event of a vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the UK) for the Combined Group.

2.3 *The Combined Group faces significant competition from a variety of sources across its main business divisions: primary and secondary capital markets; clearing, settlement and central securities depository services; information services (data reporting and indices); and technology services.*

The areas of financial industry in which the Combined Group operates are highly competitive, and the Combined Group faces significant competition from a number of sources for the products and services that it offers. Competition has been intensified by trends toward the liberalisation, technological innovation and globalisation of world capital markets, which have resulted in greater mobility of capital, greater international participation in local markets and more competition among markets in different geographical areas, as well as consolidation of the industry by mergers and business combinations.

The Combined Group competes with other market participants in a variety of ways, including the cost, quality and speed of trade execution, liquidity, functionality, ease of use and performance of trading systems, the ranges of products and services offered to trading participants and listed companies, technological innovation and reputation. The pricing model for listings, trade execution, clearing, settlement, custody and collateral management, index and information services and technology, has changed in response to competitive market conditions, as competitors continue to engage in aggressive pricing strategies, including lowering the fees that they charge for taking liquidity and increasing liquidity (or offering rebates) as an incentive for providers of liquidity in certain markets, which is expected to continue in the future. In particular, competitors may be able to exploit regulatory disparities between traditional, regulated exchanges and alternative markets, platforms, CCPs, CSDs, trade repositories or information service providers that benefit from a reduced regulatory burden and lower-cost business model or consolidate and form alliances, which may create greater liquidity, lower costs, and more attractive pricing models to customers than the Combined Group can offer.

If the Combined Group is unable to adapt to changing market pressures or customer demands, maintain its market share given the intense competition, or is forced to reduce pricing in response to competition, its revenues and profit margins could decline. In addition, a decrease in the market share in the listing, trading, clearing, settlement, custody and collateral management, or index and information services and technology businesses could adversely impact other business segments, which may be seen by current and prospective customers as less valuable, any of which could have a material adverse effect on the Combined Group's business, cash flows, financial condition and results of operations.

2.4 ***The Combined Group operates in highly regulated markets which may restrict the operations of the Combined Group.***

A substantial part of the Combined Group's business is regulated and subject to extensive oversight by national and supranational governmental and regulatory bodies.

Significant new regulatory requirements have been and continue to be imposed on financial institutions and exchange and other trading venue operators, CCPs, CSDs and index administrators which may impact the Combined Group and its group entities, as well as their customers, including the participants or members of the exchanges and other trading venues, CCPs, CSDs and trade repositories operated by the Combined Group and the customers of its information services, data and technology businesses.

Among the requirements relevant to the Combined Group under the European regulatory framework are new rules under the revised Markets in Financial Instruments Directive ("**MiFID II**") and the Markets in Financial Instruments Regulation ("**MiFIR**"), the European Market Infrastructure Regulation ("**EMIR**"), the regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds ("**Benchmark Regulation**"), the Capital Requirements Directive IV and the Capital Requirements Regulation (collectively, "**CRD IV**"), the revised Market Abuse Regulation ("**MAR**") and the Directive on Criminal Sanctions for Market Abuse ("**CSMAD**"), the Central Securities Depository Regulation ("**CSDR**") and the Bank Recovery and Resolution Directive ("**BRRD**"). In addition, some of Combined Group's businesses, including derivatives clearing organisations ("**DCOs"**), a swap execution facility ("**SEF**") and a brokerage firm, among others, are located in and/or subject to regulation in the United States. In the U.S. the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") has imposed a new legal and regulatory framework on the U.S. financial services industry and the securities and commodity derivative markets in particular. The implementation of Dodd-Frank is not complete and will require further detailed rulemaking by different regulators.

Future changes in the legal and regulatory environment in which the Combined Group's businesses operate, including changes to the implementing rules and corresponding guidance for any of the legislation referred to above, may impose stricter requirements on the Combined Group's entities in areas that are currently subject to regulation, or may extend restrictions to areas of the Combined Group's businesses that to date have not been regulated. Such developments may in particular affect the Combined Group's exchanges and other trading venues, CCPs, CSDs, trade repositories and its index and data business.

The interplay between the U.S. and EU regulatory frameworks relating to derivatives is currently especially uncertain, owing to, among other things, the different stages reached by the U.S. regulators in their implementation and interpretation of Dodd-Frank. This interplay could result in the possibility of entities in the Combined Group becoming subject to duplicative or conflicting regulatory regimes. This could restrict the operations of the Combined Group and/or result in increased compliance costs.

These and other legal and regulatory developments could adversely impact the businesses of the Combined Group in various ways and could have a material adverse effect on the Combined Group's business and cash flows, financial condition and operating results. In particular, such developments:

- may limit the ability of the Combined Group and its group entities to provide certain of their current or planned services, to build an efficient, competitive organisation and to expand foreign and global access to its exchanges and other trading venues and services;
- may limit the ability of the Combined Group and its group entities to outsource certain of its activities;
- may place financial and corporate governance restrictions on the Combined Group and its group entities;

- may make it difficult for the exchanges, other trading venues, CCPs and/or CSDs of the Combined Group to compete with other competitors in different jurisdictions, including outside the EU;
- may impose restrictions such as capital requirements and proprietary trading restraints on market participants or otherwise cause market participants to change their behaviour in a manner that reduces their use of the exchanges, other trading venues, CCPs and/or CSDs operated by the Combined Group;
- may significantly increase compliance and associated costs of the Combined Group, for instance by requiring the businesses of the Combined Group to devote substantial time and cost to the implementation of new rules and related changes in their operations; and
- may materially increase the costs of, and restrictions associated with, trading and clearing which could decrease trading and clearing volumes and profits.

2.5 ***Non-compliance with legal and regulatory requirements may result in the Combined Group and its group entities becoming subject to regulatory sanctions, fines, censures and other regulatory, administrative or judicial proceedings, including, in extreme circumstances, the withdrawal of authorisations, regulatory approvals, licences or exemptions required to operate the Combined Group's business.***

The failure to comply with legal and regulatory requirements could result in the entities of the Combined Group becoming subject to investigations and regulatory, administrative or judicial proceedings. These investigations and proceedings may result in substantial criminal and/or civil sanctions, fines and penalties, including the restriction or revocation of an authorisation, regulatory approval, licence, recognition, exemption or registration that the Combined Group or its entities rely on in order to conduct their business.

Any such investigation or proceeding, whether successful or unsuccessful, could result in substantial costs and diversions of resources and could negatively impact the Combined Group's reputation.

Any of these risks could have a material adverse effect on the Combined Group's business and cash flows, financial condition and operating results.

2.6 ***The Combined Group may face competitive disadvantages, or may lose business opportunities, if it does not receive necessary or timely regulatory approvals for new business initiatives.***

The Combined Group operates exchanges and other trading venues, CCPs, CSDs, index administrators, information services providers, trade repositories and other regulated entities in multiple jurisdictions, in particular in Germany, the United Kingdom, the United States, Belgium, Italy, France, Switzerland and Singapore. The Combined Group's initiatives in these jurisdictions with regulatory implications must generally be approved by the relevant authorities in each of these countries. The Combined Group may from time to time seek to engage in new business activities, some of which may require changes to the organisational documents of its exchanges, other trading venues, CCPs, CSDs, trade repositories and/or other regulated entities or rules that may also require approvals by the relevant regulatory authority. In addition, the Combined Group may wish to expand its current activities or commence new activities which may require further licences or approvals.

Any delay or failure to obtain the requisite regulatory approval could cause the Combined Group to lose strategic business opportunities, slow its ability to integrate its different markets or slow or impede its ability to change its governance practices. The Combined Group's competitive position could be significantly weakened if its competitors are able to obtain regulatory approval for new functionalities faster, or with less cost or difficulty, or if approval is not required for such competitors.

Any of these risks could have a material adverse effect on the Combined Group's business and cash flows, financial condition and operating results.

2.7 ***The Combined Group may not be successful in offering new products, identifying opportunities, entering into or increasing its presence in new markets or attracting new customers.***

The Combined Group intends to continue to explore and pursue opportunities to strengthen and grow its business following Completion. In doing so, the Combined Group may launch new products and enter into new markets or increase its presence in existing services and geographic markets that already possess established competitors, including newly developing areas of competition, where competitors may be subject to less regulation, and where demand for such services is subject to uncertainty. As a result of these expansions, the Combined Group may spend substantial time and money developing new products or improving current product offerings and, if not successful, the Combined Group may miss potential market opportunities and may not be able to offset the cost of such initiatives. If the Combined Group is unable to expand its business to successfully launch new products, identify and pursue opportunities and therefore effectively compete with its competitors, this could have a material adverse effect on its business and cash flows, financial condition and results of operations.

2.8 ***Future new business initiatives of the Combined Group following Completion including acquisitions, partnerships and joint ventures, may require significant resources and/or result in significant unanticipated costs or liabilities or fail to deliver anticipated benefits.***

LSEG's and the Deutsche Börse Group's respective strategy, and following Completion, the Combined Group's strategy for future growth following Completion includes the identification and implementation of new business initiatives such as acquisitions, partnerships and joint ventures with third parties, which involves various risks. Following Completion, the Combined Group's ability to successfully implement any such new business initiatives is subject to, among other things, availability of funding and execution risks, and the success of such initiatives may be adversely impacted by a number of factors, including regulation, anti-trust, assumed existing or pending litigation and political considerations. In addition, some of the Combined Group's business areas are subject to minimum regulatory capital requirements which may constrain its ability to use its available capital resources to finance future business initiatives such as potential acquisitions.

The implementation of future business initiatives may not achieve the revenue or profitability that justify the original investment made by the Combined Group or support the goodwill recorded for the acquisition. Furthermore, such activities will require significant time and resources from management and may require the diversion of resources from other activities of the Combined Group. Failure to implement future business initiatives due to any of the foregoing factors could have a material adverse effect on the Combined Group's business, financial condition and operating results.

2.9 ***The Combined Group's regulated entities are subject to ongoing requirements to maintain their regulatory status.***

The Combined Group's regulated entities, including those referred to below, must meet initial and ongoing requirements to obtain and maintain their regulated status. These requirements will generally include requirements for a regulated entity to have adequate financial and other resources available to it to operate its business. Failure to maintain such available resources could result in the restriction or removal of the regulated entity's licence to operate its business, and therefore could have a material adverse effect on the Combined Group's business, financial condition and operating results.

For example, pursuant to Section 5 para. 1 of the German Stock Exchange Act (*Börsengesetz*), operators of German exchanges must, at the request of the management of the relevant exchange, provide funds, staff and other resources to the exchanges operated by them which are necessary for the operation of the relevant exchange and its reasonable further development. Therefore, Deutsche Börse AG, as operator of the Frankfurt Stock Exchange, is required to provide the Frankfurt Stock Exchange, at the request of its management, with sufficient staff and financial resources as well as the means necessary for the operation and adequate further development of its business. This applies equally to Eurex Frankfurt AG as operator of Eurex Deutschland, to European Energy Exchange AG as operator of European Energy Exchange ("**EEX**") and to Tradegate Exchange GmbH as operator of Tradegate Exchange. Further, operators of German exchanges are required by law to operate the exchanges. Should they wish to cease activities for which they have a licence in whole or in part, this would require an amendment of the exchange licence.

Similarly, London Stock Exchange plc as a recognised investment exchange must satisfy the recognition criteria in the Financial Services & Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (as amended), as further expanded by the guidance in the FCA's Recognised Investment Exchanges Sourcebook (REC). The recognition criteria include the requirement that the recognised investment exchange has "financial resources sufficient for the proper performance of its functions as a recognised investment exchange". Borsa Italiana and MTS as operators of, *inter alia*, Italian regulated markets must satisfy the financial and organisational requirements set forth under the Italian Financial Consolidated Act (*Testo unico delle disposizioni in materia di intermediazione finanziaria*). Turquoise and EuroMTS, as UK investment firms operating MTFs, are subject to the capital requirements established by CRD IV and also the UK Threshold Conditions for authorisation set out in

Part 1B of Schedule 6 of the FSMA which include a requirement for the firm to have financial and other resources which are appropriate for the regulated activities which the firm carries on. Similarly, EuroTLX, as an Italian investment firm operating MTFs, is subject to the capital requirements established by CRD IV and also to the conditions for authorisation set out under article 19 of the Italian Financial Consolidated Act (*Testo unico delle disposizioni in materia di intermediazione finanziaria*), which include a requirement for the firm to have financial and other resources which are appropriate for the regulated activities which the firm carries on.

The European CCPs of LSEG and the Deutsche Börse Group, including those of the LCH Group and CC&G, and European Commodity Clearing AG and Eurex Clearing AG, respectively, are authorised CCPs under EMIR and, as such, these entities are required to meet ongoing requirements in relation to capital, margin, default funds and other financial resources. Requirements in relation to the adequacy of financial and other resources are placed on the CSDs of LSEG (Monte Titoli and globeSettle) and the Deutsche Börse Group (Clearstream Banking AG and Clearstream International SA) in connection with their respective regulatory authorisations.

Failure of the Combined Group's regulated entities to maintain sufficient financial and other resources could result in the restriction or removal of the regulated entity's licence to operate its business, and therefore could have a material adverse effect on the Combined Group's business, financial condition and operating results.

2.10 ***The Combined Group may be required to hold significantly more regulatory capital on a group or sub-group consolidated basis if HoldCo or an additional intermediary company of the Combined Group becomes a financial holding company in the future.***

Under CRD IV, group or sub-group consolidation and group or sub-group capital requirements will apply at the level of HoldCo or any intermediary company should that entity become a financial holding company ("**FHC**") for the purposes of CRD IV.

It is a condition of the Merger that: (i) none of the FCA, BaFin, and *Autorité de contrôle prudentiel et de resolution* ("**ACPR**") has confirmed in writing that HoldCo will become a FHC as defined in Article 4(1)(20) of Regulation (EU) No 575/2013 as a result of the Merger; or (ii) in the case of any such confirmation having been provided, a Panel Statement relating to the circumstances described in (i) above having been published.

There is a risk however that HoldCo or an additional intermediary company of the Combined Group could become an FHC in the future if the regulators determine it is mainly a holding company and its respective subsidiaries are or have become "wholly or mainly" credit institutions, investment firms or financial institutions. This will depend in part on the size, growth and expansion of the businesses of the respective subsidiaries in the Combined Group that are credit institutions, investment firms or financial institutions relative to those that are not, and the exercise of discretion by HoldCo's regulators and the regulators of the intermediary companies in applying these requirements.

Given the size, growth and expansion of the relevant businesses in the Combined Group, it is not anticipated that HoldCo or any further intermediary company of the Combined Group will become an FHC in the near term although if, in the medium to longer term the size, growth and expansion of the relevant businesses results in HoldCo or a further intermediate company becoming a FHC, this may result in increased regulatory capital requirements for the Combined Group and the more extensive application of other regulations such as the BRRD. This could have a material adverse effect at the time on the Combined Group's business and cash flows, financial condition and operating results.

2.11 ***Regulatory capital requirements may negatively affect the Combined Group's business and are subject to change.***

In order to maintain their regulatory status, certain of the regulated entities within the Combined Group are subject to minimum capital requirements. The regulatory capital regimes vary by jurisdiction and form of regulatory status. Some entities within the Combined Group are subject to customised regulatory capital regimes which differ from those of banks or other investment firms, while other entities are subject to the regulatory capital requirements applicable to investment firms and credit institutions established by CRD IV. Regulatory capital requirements may require relevant entities to retain surplus capital, leading to capital inefficiencies within the Combined Group.

Any changes to the capital requirements applicable to the Combined Group or its group entities may result in increased capital for one or more entities within the Combined Group, or any sub-group within the Combined Group or for the Combined Group as a whole, which may have a materially adverse effect on the Combined Group's ability to deliver its strategy, its business and cash flows, financial condition and operating results. The CCPs within the Combined Group are the entities in respect of which potential material changes to the regulatory capital requirements are likely to have the most significant impact on the Combined Group as a whole. However, the CCPs' capital resources in LSEG and the Deutsche Börse Group are currently above the prescribed regulatory capital requirements.

In particular, the relevant entity, sub-group or Combined Group may be required to raise further capital by equity issuance or other appropriate financing in order to ensure compliance with applicable regulatory capital requirements. There is a risk that future economic and market conditions may prevent the Combined Group or any of its entities from completing such financing and/or from allocating suitable capital within the timeframe required. Any failure to do so may lead to the relevant entity, sub-group or Combined Group being subject to regulatory sanctions or other restrictive measures, including the revocation of operating licences, and may, over the long term, adversely affect the Combined Group's reputation, its business and cash flows, financial condition and operating results.

2.12 ***The Combined Group's businesses may be affected by the proposed introduction of an EU financial transaction tax ("Financial Transaction Tax") and/or a tax on high frequency trading.***

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transaction Tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the "**Participating Member States**"). Estonia has since that date stated that it will not participate.

The Commission's Proposal has very broad scope. Generally, the Financial Transaction Tax would apply to certain dealings in financial instruments where at least one party is a financial institution and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. A decision on the implementation of the Financial Transaction Tax is expected in June 2016.

However, there is still considerable uncertainty surrounding the Financial Transaction Tax and its implementation. The Financial Transaction Tax proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is unclear. Additional EU Member States may decide to participate. It is therefore not possible to predict what effect the proposed Financial Transaction Tax might have on the Combined Group's business. The Financial Transaction Tax could have an adverse effect, as it might, for example, increase costs of trading or clearing in the markets in which the Combined Group will operate and for this or other reasons cause (i) a decrease in trading or clearing volumes and/or (ii) a shift of trading to foreign markets outside Europe or migration of volumes to less regulated markets, any of which might lead to a fall in demand for the clearing services of the Combined Group, which may impact the Combined Group's market share or pricing structures. Taxes on high frequency trading which may be introduced in the future may similarly affect the Combined Group's business.

2.13 ***Any reduction in the credit rating of the Deutsche Börse Group or LSEG, or following Completion, the Combined Group, could lead to an increased cost of funding and could affect its relationship with counterparties.***

LSEG currently has long term ratings of BBB+ by S&P Global Ratings (a division of S&P Global Inc.) and Baa1 by Moody's Investors Service Limited, both of whom are registered or certified in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Credit Rating Agencies Regulation**"). LCH currently has a long term rating of A+ by S&P Global Ratings.

Deutsche Börse AG currently has a long term rating of AA by S&P Credit Market Services Europe Limited, while Clearstream Banking S.A. currently has a long term rating of AA by Fitch Rating Ltd and S&P Credit Market Services Europe Limited respectively. S&P Credit Market Services Europe Limited and Fitch Rating Ltd are registered in accordance with the Credit Rating Agencies Regulation.

These ratings are based on a number of factors, including financial strength as well as factors not entirely within a company's control, such as conditions affecting the macroeconomic environment and financial services industry generally. In light of the difficulties in the financial services industry and the financial markets in recent years, there can be no assurance that Deutsche Börse AG, Clearstream Banking S.A. or LSEG plc will maintain an investment grade rating.

A failure to maintain an investment grade credit rating by Deutsche Börse AG or LSEG plc could potentially lead to change of control rights being triggered under their respective financing arrangements, more onerous funding terms (including higher costs of funding) and potentially reduce the competitiveness of certain of the Combined Group's businesses including its CSDs and CCPs. If the Combined Group's costs of funding increases significantly, or certain of the Combined Group's businesses are deemed by their customers to have a weaker credit profile, this could have an adverse impact on its business, financial condition and operating results.

If, following the Merger, the Combined Group is not rated investment grade or if, in the future, there is a reduction in the Combined Group's credit rating to below investment grade, any of such events could increase its cost of funding or affect its customers' perception of the Combined Group's credit profile, which could have an adverse impact on its business, financial condition and operating results.

Although there are no current ratings or outlooks publicly accorded to HoldCo by ratings agencies, S&P Global Ratings announced on 17 March 2016 that it considers the group credit profile would most likely be "aa−" which is a notch lower than Deutsche Börse AG's current group credit profile and three notches higher than LSEG plc's current group credit profile.

2.14 *The Combined Group is highly dependent on the development and operation of its sophisticated technology and advanced information systems and those of its third party service providers; and any failure of, or disruption to, any of these systems and related development projects could adversely affect the Combined Group's business.*

The provision of platforms for the execution, clearing and settlement, as applicable, of trades on the Combined Group's markets and for the collection and aggregation of trade and price information predominantly depends on technology that is secure, stable and performs to high levels of availability and throughput at low latency. The Combined Group operates sophisticated technology platforms and service management processes in conjunction with external suppliers, and its markets do not rely upon third party suppliers for the majority of its IT development. However, while such IT insourcing provides the Combined Group with a significant degree of control, there remains a risk of resource over-stretch to meet both the requirements of the Combined Group and those of third parties.

To compete effectively, the Combined Group must be able to anticipate and respond, in a timely and effective manner, to the need for new and enhanced technology. The markets in which the Combined Group competes are characterised by rapidly changing technology, evolving industry standards, frequent enhancements to existing products and services, the introduction of new services and products and changing customer demands. If the Combined Group's systems are unable to expand to meet increased demand, are disrupted or otherwise fail to perform, its reputation, business and operating results could be impacted. New major IT projects have risks associated with them as well, particularly with regards to migrating markets to new technological platforms. New major IT projects and technology migrations have been associated with significant capital investment and there is no assurance that such migrations will be completed successfully or in line with allocated budgets. New or upgraded platforms also may not perform as intended or deliver the expected benefits, including, where relevant, increased trading volumes and lower operating costs. There cannot, therefore, be any assurance that such projects will prove cost-effective and, in such circumstances, the profitability and reputation of the Combined Group, its markets and its technology brands could be damaged. The flexibility of the Combined Group and its ability to respond to customer needs for services could consequently be disrupted.

Additionally, the Combined Group's ability to provide uninterrupted services is dependent on complex systems where failure, disruption or capacity limitations could adversely affect its business. These systems have experienced failures in the past, and it is possible that systems failures will occur in the future. Such failures may arise for a variety of reasons, such as software malfunctions, cyber attack, insufficient capacity, including network bandwidth, in particular during peak trading times or periods of unusual market volatility, as well as hardware or software malfunctions or defects, complications experienced in connection with system upgrades. If the Combined Group's or those of its third party service providers' technology and/or information systems suffer from major or repeated failures, this could interrupt or disrupt its trading, clearing and settlement or index and information services and undermine confidence in the

Combined Group's platforms and services, cause reputational damage, impact operating results and lead to customer claims, litigation and regulatory sanctions. Whilst the Combined Group has incident and disaster recovery and business contingency plans and back-up procedures to minimise, mitigate, manage and recover from the risk of an interruption of, or failure to, its critical IT operations, it cannot, however, entirely eliminate the risk of a system failure or interruption occurring.

Following the Merger, certain of the IT systems and supporting functions of the Deutsche Börse Group and LSEG may be integrated in due course, which will expand the scope and therefore the exposure of the Combined Group's IT systems. If the Combined Group's IT systems suffer from major or repeated failures, this could interrupt or disrupt the Combined Group's trading, clearing and settlement or information as well as indexing services and undermine confidence in its exchanges and services (including with respect to information services and index calculation), cause reputational damage, impact operating results and lead to customer claims, litigation and regulatory sanctions.

2.15 ***The Combined Group operates in a business environment that continues to experience significant and rapid technological change. If the Combined Group is unable to continue improving or to successfully develop and implement new technologies, or if the Combined Group or its customers do not commit appropriate resources to new technologies or if its technological investment proves unsuccessful, it could result in a loss of customers.***

In recent years, electronic trading and customer demand for increased choice of execution methods has grown significantly. The development and expansion of electronic trading, clearing, settlement, custody, collateral management and market data-related technologies entail significant technological, financial and business risks. These risks include the Combined Group failing or being unable to provide reliable and cost-effective electronic trading services and functionality on a basis that is comparable to the systems provided by other electronic markets, to attract independent software vendors to write front-end software that will enable access to their electronic trading and automated order routing systems and to generate sufficient revenue to justify substantial levels of capital investment in electronic trading platforms and clearing and settlement systems. If the Combined Group is unable to anticipate and respond to the demand, industry standards and regulatory requirements for new services, products and technologies on a timely and cost-effective basis and to adapt to technological advancements and changing standards, it may be unable to compete effectively.

The adoption of new technologies or market practices may require the Combined Group to devote additional resources to improve and adapt its services, and there can be no assurance that these investments will be successful. If there is insufficient demand for a new service or customers lack the appropriate resources or infrastructure to support new products and trading and clearing functionality developed by the Combined Group, or do not subscribe to new services in a timely manner, new initiatives may be unsuccessful or result in significant losses.

Any failure or delay in developing new technology, or inability to exploit technology as successfully or cost-effectively as competitors, could result in a decrease in customer demand, which could have a material adverse effect on the Combined Group's business and cash flows, financial condition and results of operations.

2.16 ***An operational failure in the Combined Group's processes could result in losses. If the products and services of the Combined Group contain undetected errors or fail to perform properly, such errors or failures could have a material adverse effect on its business, financial condition or results of operation.***

Although the Combined Group primarily relies on automated data processing, manual data processing is required in relation to certain services, and operator errors or omissions may occur that relate mainly to manual input of data, such as the incorrect processing of customer instructions in its custody business. In addition, the Combined Group's CCPs are exposed to operational risks associated with clearing transactions and the management of collateral, particularly where there are manual processes and controls. As a result, the Combined Group remains exposed to the risk of inadequate handling of customer instructions in certain business segments. Further, manual intervention in market and system management is necessary in certain cases. While the Combined Group has in place procedures and controls to prevent failures of these processes, and to mitigate the impact of any such failures, any operational error could have a material adverse effect on its business and cash flows, financial condition, results of operations and reputation.

The Combined Group provides routing, netting and settlement services to ensure that cash and securities are exchanged in a timely and secure manner for a multitude of products. There are operational risks associated with such services, particularly where processes are not fully automated. A failure to receive funds from participants may result in a debiting of the Combined Group's cash accounts which could have a material adverse effect on its business and cash flows, financial condition and results of operations.

The market data and analytics business and the information services business of the Combined Group develop, calculate, market and distribute indices in a variety of asset classes. As a result, the Combined Group's indices underlie derivative financial instruments of investors, financial market product developers and issuers. Indices and other products developed or licensed by the Combined Group may contain miscalculations or undetected errors. As a consequence market participants who use real time price and order-book information or other market moving signals to make their buy or sell decisions and recommendations or require accurate instrument reference data for risk management activities and error-free settlement may base their decisions on miscalculated or erroneous information. Therefore, the Combined Group may be exposed to risks of litigation being brought against them based on such miscalculations or undetected errors which, even if ultimately unsuccessful, could materially adversely affect its reputation and disruption to its business, as well as adversely affect its ability to retain and attract customers for its products. Any such events could have a material adverse effect on the Combined Group's business and cash flows, financial condition and results of operations.

2.17 ***The Combined Group's businesses may be adversely affected by risks associated with clearing and settlement activities and is exposed to counterparty risks of its clearing members.***

The Combined Group's clearing providers assume the counterparty risk for all transactions that are cleared through their markets and are exposed to the risk of default by third party clearing members. This risk is greater if market conditions are unfavourable at the time of the default. Credit and liquidity exposure to clearing members is closely monitored and addressed by setting high membership standards for firms, collecting collateral in the form of margins and default fund contributions from clearing members and maintaining arrangements that cover the CCP's liquidity needs (including commercial bank liquidity credit lines and access to central bank liquidity support for some but not all of the Combined Group's CCPs). Default by a clearing member could adversely affect the Combined Group's CCPs' revenues and its customers' goodwill and, in extreme circumstances, could lead to a call on the Combined Group's CCPs' own capital. While the Combined Group has in place measures to mitigate such risks, and to the extent possible CCP default waterfalls are designed to eradicate or minimise risk of a member's default impacting a CCP's capital, in extreme circumstances such measures may not be sufficient to mitigate the impact of these risks. In the event of a default by a clearing member, the Combined Group's business, financial condition and operating results could be materially adversely affected.

In addition, certain CCPs within the Combined Group have inter-operability arrangements with other counterparties requiring collateral to be exchanged in proportion to the value of the underlying transactions involved. The relevant clearing provider entities within the Combined Group are therefore exposed to the risk of a default of such counterparties under such arrangements.

The Combined Group also may be subject to claims and litigation by clearing members, including in relation to default management exercises. Under the terms of their agreements with clearing members, the Combined Group's CCPs have extensive powers and obligations in the circumstances of a clearing member's default to close out transactions entered into by the defaulting member and to apply margin and, if necessary, default fund monies, to meet any amounts owed by the defaulting member. These powers and obligations, when they do arise, usually have to be exercised in situations of market volatility and on the basis of preliminary information. In such circumstances, disputes with affected counterparties can arise. The amounts involved in such disputes can be significant.

2.18 ***LCH, CC&G and Eurex Clearing AG's collateral management expose them to customer liquidity risk and investment counterparty default risk.***

The CCPs of the Combined Group, such as Eurex Clearing AG, those of LCH Group and CC&G, collect clearing members' margin and/or default funds contributions in cash and/or in highly liquid securities. To maintain sufficient on-going liquidity and immediate access to funds, the Combined Group's CCPs deposit the cash received in highly liquid and secure investments, such as sovereign bonds and reverse repos, as mandated under EMIR; securities deposited by clearing members are therefore held in dedicated accounts with CSDs and/or international CSDs. The Combined Group's CCPs also hold a small proportion of their investments in unsecured bank and money market deposits. The successful operation of these investment activities is contingent on general market conditions and there is no guarantee that such investments may be exempt from market losses. Furthermore, there is a risk of an investment counterparty default which could lead to losses to the Combined Group. Such a loss may occur, for example, due to the default of an issuer of bonds in which funds may be invested or the default of a bank in which funds are deposited. The Combined Group's CCPs manage their exposure to credit and concentration risks arising from such investments by maintaining a diversified portfolio of high quality issuers and of banking counterparties.

The Combined Group's CCPs rely on established policies with minimum counterparty credit and concentration risk criteria, instructions, rules and regulations, as well as procedures specifically designed to actively manage and mitigate credit risks. There is no assurance, however, that these measures will be sufficient to protect the Combined Group's CCPs from an investment counterparty default.

A default by any of the above mentioned investment counterparties could have a material adverse effect on the Combined Group's business and cash flows, financial condition and results of operation.

2.19 ***The Combined Group's networks and those of its third-party service providers may be vulnerable to security risks, cyber attack or other leakage of sensitive data.***

The Combined Group accumulates, stores and uses data in its operating business that is sensitive and/or subject to data protection laws in the countries in which it operates. Additionally, as with all IT dependent companies, the Combined Group's IT systems and networks, and those of its third-party service providers, may also be vulnerable to cyber attacks, unauthorised access, computer viruses and other security issues (despite regular testing, security reviews and awareness campaigns). Persons who circumvent security measures could wrongfully access and use the Combined Group's information or their customers' information, or cause interruptions or malfunctions in their operations. Although the Combined Group takes precautions to protect data in accordance with applicable laws, the security measures taken by the Combined Group may ultimately prove inadequate, and it is possible that there may be leakages in the future. Loss or leakage of sensitive data, fraud in relation to sensitive data or violation of data protection laws, whether due to cyber attack or otherwise, may result in reputational damage, regulatory sanctions, litigation, loss of trading share, loss of trading volume and loss of revenues or financial losses, any of which could also have a material adverse effect on the Combined Group's business and cash flows, financial condition and results of operations.

2.20 ***The Combined Group is exposed to fluctuations in foreign exchange rates and interest rates.***

HoldCo will use the euro as its reporting currency for the purposes of its consolidated accounts and other financial reports following Completion, and the subsidiaries of HoldCo will continue to use their existing functional currencies for the purposes of their accounts and other financial reports and the results of such entities will be converted into euro for purposes of consolidation. Changes in the foreign exchange rates of the various functional currencies of the Combined Group's subsidiaries as against the euro could have an adverse impact on the Combined Group's reported results. In addition, since LSEG and the Deutsche Börse Group conduct operations in a number of different countries, including several European countries and the United States, a substantial portion of their assets, liabilities, revenues and expenses are denominated in euros, pounds sterling, U.S. dollars and Swiss francs, their respective businesses are exposed to foreign exchange rate fluctuation. Following Completion, such exposure will continue and may be increased by the multiple currency conversions that will take place as a result of transactions between subsidiaries of HoldCo located in different jurisdictions. There can be no assurance that the Combined Group will be able to successfully mitigate these risks and accordingly, changes in foreign exchange rates could have an adverse effect on the value of the Combined Group's business, financial condition and operating results.

In addition, the Combined Group is exposed to interest rate fluctuations, in particular in connection with cash investments, marketable securities, deposits of cash and cash equivalents or borrowings as well as through corporate transactions and CCP collateralised investments. Subject to any applicable restrictions, the Combined Group may use derivative financial instruments with the aim to reduce some of the negative impacts that could result from fluctuations in these rates. However, the Combined Group's assumptions and assessments with regard to the future development of these rates and the chosen level of risk avoidance or risk tolerance will have a substantial impact on the success or failure of its hedging policies. Accordingly, there can be no assurance that the Combined Group will be successful in managing and mitigating the impact of interest rate fluctuations, which could have a material adverse effect on the Combined Group's business, financial condition and operating results.

2.21 ***The Combined Group will be subject to significant litigation risks and other liabilities.***

Many aspects of the Combined Group's business involve litigation risks. Some of the litigation risks arise under the laws and regulations relating to tax, anti-money laundering, foreign asset controls and foreign corrupt practices. These risks also include potential liability from disputes over terms of a securities trade or from claims that a system or operational failure or delay caused, monetary losses to a customer, as well as potential liability from claims relating to facilitation of unauthorised transactions or materially false or misleading statements in connection with a transaction. The Combined Group is involved and may continue to be involved in allegations of misuse of the intellectual property of others, as well as other commercial disputes. Claims may arise against its service providers regarding quality of trade execution, improperly cleared or settled trades, in connection with default management mismanagement or even fraud. Any such litigation (either individually or in the aggregate) could be lengthy and costly, and could result in the expenditure of significant financial and management resources, which could adversely affect the Combined Group's business and cash flows, financial condition and results of operations.

2.22 ***A failure to protect the Combined Group's proprietary software, intellectual property rights, or allegations that it has infringed intellectual property rights of others, could adversely affect its business.***

A number of the Combined Group's businesses have brands that are well-recognised at international as well as national levels. The strong reputation of the Combined Group's businesses and their valuable brand names are a key competitive strength. Any events or actions that damage the reputation or brands of the Combined Group could adversely affect its business, financial condition and operating results.

The Combined Group faces risks arising from the unauthorised use of its proprietary software, the trademarks, service marks, trade names, copyrights and patents that it owns or licences for use in its businesses, including rights to use certain indices as the basis for equity index derivatives products traded on its futures markets and the rights to use the Combined Group's data for trading, calculation and benchmarking purposes. Although the Combined Group relies on a variety of trademark, copyright, patent and database laws and trade secret protection, as well as confidentiality and other contractual arrangements with affiliates, customers, strategic investors and others, these protective steps taken may be inadequate to deter misuse or misappropriation of its proprietary software or intellectual property or to allow it to enforce its intellectual property rights. Furthermore, some of the products and processes of the Combined Group may not be subject to intellectual property protection, and competitors of the Combined Group may also independently develop and patent or otherwise protect products or processes that are the same or similar to the products or processes of the Combined Group. Although HoldCo is currently unaware of the existence of any such matters that are material in the context of the Combined Group as a whole, misappropriation of the intellectual property belonging to or licensed by the Combined Group, and any efforts required to defend intellectual property rights, which may require significant financial and managerial resources, could, individually or in aggregate, have an adverse effect on the Combined Group's reputation, business, financial condition and operating results.

Additionally, third parties may assert intellectual property rights claims against the Combined Group. Such claims could divert management resources and, even when without merit, be costly to defend or settle. If the Combined Group is unsuccessful in defending such claims, it could be required to pay damages, modify or discontinue their use of technology or business processes, or purchase licences from third parties, any of which could also have a material adverse effect on the Combined Group's business and cash flows, financial condition and results of operations.

2.23 ***A limited number of customers use the Combined Group's products and services.***

A limited number of large institutional clients and financial institutions (such as investment banks and large institutional investors) use LSEG's and the Deutsche Börse Group's products and services and may use multiple products and services provided by each of them. As across their respective business areas LSEG and the Deutsche Börse Group both conduct business with a number of the same clients and institutions, as a result of the Merger, the bargaining power of those clients and institutions may be increased. Such clients and institutions may use their increased bargaining power to seek to amend or renegotiate existing contracts to include terms less favourable to the Combined Group than may historically have been the case with LSEG and the Deutsche Börse Group, respectively. In addition, they may use the Merger as a basis for exercising rights to cancel or re-negotiate existing contracts, whether arising as a result of the Merger or otherwise, use the threat of such cancellation to improve their bargaining position with, or may otherwise decide to reduce their economic exposure to, the Combined

Group. Loss of all or a substantial portion of trading volumes of any of the Combined Group's large customers for whatever reason could have a material adverse effect on the Combined Group's business and cash flows, financial condition and results of operations.

2.24 ***Failure to retain and attract senior management and other key employees, taken together, could have adverse consequences on the operations of the Combined Group.***

The Combined Group's success will be dependent upon the experience and industry knowledge of its senior management and key employees. The ability of LSEG, the Deutsche Börse Group and, following Completion, the Combined Group to attract and retain key personnel is dependent on a number of factors, including but not exclusively, prevailing market conditions, compensation packages offered by competing companies and any regulatory impact thereon and the ability of the Combined Group to continue to have appropriate variable remuneration and retention arrangements in place that drive strong business performance and results. There can be no assurance that the Combined Group will be successful in attracting and retaining the personnel it requires, which may adversely affect its ability to conduct its business through an inability to execute business operations and strategies effectively. Before Completion, during the integration planning and implementation process and following Completion, there is also a risk that some current and prospective employees of the Combined Group may experience uncertainty about their future roles within the Combined Group, which may adversely affect the Combined Group's ability to retain or recruit key managers and other employees. While incentive plans are put in place for key personnel, there can be no assurance that the Merger will not result in the departure of key personnel from the Combined Group. Such attrition may take place either before the Merger is completed or during the Combined Group's integration process following Completion.

2.25 ***The Combined Group may not always successfully manage actual or potential conflicts of interest that arise in its business.***

The Combined Group will increasingly have to manage actual or potential conflicts of interest, including situations where its services to a particular client conflict, or are perceived to conflict, with the interests of another client, as well as situations where certain of the Combined Group's employees have access to material non-public information that may not be shared with all employees of the Combined Group. Failure to adequately address potential conflicts of interest could adversely affect the Combined Group's reputation, operating results and business prospects.

The Combined Group will have procedures and controls that are designed to identify and mitigate conflicts of interest, including those designed to prevent the improper sharing of information. However, appropriately managing conflicts of interest is complex and difficult. The Combined Group's reputation could be damaged and the willingness of clients to enter into transactions in which such a conflict might arise may be affected if the Combined Group fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

2.26 ***If the Combined Group's goodwill or intangible assets become impaired, the Combined Group may be required to record a significant charge to earnings.***

Under EU IFRS the Combined Group reviews its amortisable intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill and indefinite-lived intangible assets are tested for impairment at least annually, and are also tested when factors arise that may be considered a change in circumstances indicating that the carrying value of the goodwill or intangible assets may not be recoverable, such as a decline in stock price and market capitalisation, reduced future cash flow estimates, and slower growth rates in the respective business. The Combined Group may be required to record a significant charge in its financial statements during the period in which any impairment of its goodwill or intangible assets is determined. The Combined Group cannot guarantee that impairment charges will not be necessary on goodwill or other intangible assets on any future balance sheet date particularly in the event of a substantial deterioration of the Combined Group's future prospects or general economic conditions. In addition, any goodwill arising from the Merger accounted on the HoldCo level may be subject to impairment, and HoldCo may be required to record a significant charge in its financial statements. If impairment charges are incurred, this could have a material adverse effect on the Combined Group's financial condition.

2.27 ***Risks relating to Deutsche Börse AG's proposed sale of ISE Group.***

In March 2016, Deutsche Börse AG announced that it had entered into an agreement with NASDAQ, Inc. to sell U.S. Exchange Holdings, Inc. and certain of its subsidiaries and minority interests in the United States and Luxembourg (the "**ISE Group**"). Closing is expected to occur in mid 2016. The proposed sale is subject to customary conditions, including the approval of merger control authorities and the SEC. If closing is delayed or such conditions are not satisfied or the sale does not complete, it may have an adverse effect on Deutsche Börse AG's share price, including as a result of potential uncertainty over the sale, transaction costs incurred, the use of management time and resources and, in the case of non-completion, Deutsche Börse AG will not receive any anticipated disposal gain which may lead to frustration of investor expectations.

3 Risks Relating to Tax Matters

3.1 ***HoldCo is, and will remain after completion of the Merger, a public limited company incorporated in the UK. In addition, it is intended that HoldCo will be tax resident in the UK and nowhere else. However, if HoldCo were to be treated as tax resident in an additional jurisdiction, this could increase the aggregate tax burden on HoldCo and its shareholders, including, for example, by a withholding tax being imposed on HoldCo dividends.***

HoldCo is a public limited company incorporated under the laws of England and Wales and will be managed in a way that will ensure that it is tax resident in the United Kingdom and that it does not become tax resident in an additional jurisdiction.

However, the Combined Group and its senior management are international and there is a risk that laws, regulations, tax treaties and regulatory requirements applying to the Combined Group (or interpretations thereof) may change and/or the facts on which any ruling obtained from a tax authority regarding HoldCo's tax residence is based may be or become inaccurate, including as a result of a change in laws, regulations or regulatory requirements. In these circumstances, HoldCo would remain a public limited company incorporated in the UK; however, for tax purposes there could be no guarantee that in these circumstances HoldCo could ensure that it remains solely UK tax resident or that, to the extent it could ensure that result, any alterations made to its arrangements in order to ensure that result would not have adverse business or financial effects on HoldCo and/or the Combined Group.

Given that the Combined Group will maintain headquarters in both London and Frankfurt, and given the international nature of the Combined Group and its senior management, HoldCo intends to request a binding ruling from the tax authorities in Germany confirming that it will not, in addition to being UK tax resident, also be treated as German tax resident for the purposes of Germany's domestic tax laws.

If HoldCo were to be treated as tax resident in Germany in addition to the UK, there would be a risk that dividends paid by HoldCo might be subject to German withholding at the rate of 26.375 per cent., that inbound dividends paid to HoldCo (including by LSEG plc and Deutsche Börse AG) might be subject to German corporate income tax and trade tax at the (combined) rate of 1.4 per cent., and that losses of HoldCo might not be available for surrender to other UK tax resident members of the HoldCo group. The tax withheld from HoldCo dividends in these circumstances might not be fully creditable or refundable under a tax treaty or the domestic rules of a shareholder's country of tax residence.

3.2 ***The members of the Combined Group are subject to complex tax rules in various jurisdictions, and their interpretation and application of these rules may differ from those of relevant tax authorities, which could result in a liability to material additional taxes, interest and penalties.***

The members of the Combined Group operate in a number of territories, and will accordingly be subject to tax in several jurisdictions. The tax rules to which the members of the Combined Group are subject are complex, and the members of the Combined Group must make judgements (including based on external advice) as to the interpretation and application of these rules. The tax affairs of members of the Combined Group will in the ordinary course be reviewed by tax authorities. Those tax authorities may disagree with the interpretation and/or application of relevant tax rules by the members of the Combined Group. A challenge by a tax authority in these circumstances might require the Combined Group to incur costs in connection with litigation against the relevant tax authority or reaching a settlement with the tax authority and, if the tax authority's challenge is successful, could result in additional taxes (perhaps together with interest and penalties) being assessed on members of the Combined Group, and as a result an increase in the amount of tax payable by the Combined Group.

3.3 *Changes in tax law may result in an increase in the overall tax burden of the Combined Group.*

Any change in tax law, interpretation or practice, or in the terms of tax treaties, in a jurisdiction where a member of the Combined Group is subject to tax could increase the amount of tax payable by the Combined Group. In particular, a number of tax authorities have indicated that they will consider reforms to their tax laws, including in response to the Organisation for Economic Co-operation and Development's ("**OECD**") "Base Erosion and Profit Shifting Project" (in relation to which the OECD produced an action plan in July 2013 and issued its final reports in October 2015).

3.4 *The combination of the businesses of LSEG and the Deutsche Börse Group may result in an increase in the overall tax burden of the Combined Group.*

Dividends and other intra-group payments made by members of the Combined Group may be subject to withholding taxes imposed by the jurisdiction in which the entity making the payment is organised or tax resident, and the international nature of the Combined Group and its senior management could lead to members of the Combined Group having taxable presences in jurisdictions other than their jurisdictions of tax residence, with dividends and other intra-group payments liable to tax in those other jurisdictions as a result. Unless such taxes are fully creditable or refundable, dividends and other intra-group payments may increase the amount of tax paid by the Combined Group. Although the members of the Combined Group intend to arrange themselves and their affairs with a view to minimising the incurrence of such taxes, there can be no assurance that they will succeed.

3.5 *There can be no assurances that HoldCo will not be treated as a passive foreign investment company (or "PFIC") for U.S. federal income tax purposes following the Merger, which could result in materially adverse U.S. federal income tax consequences for U.S. Holders (as defined in Part 23: "Taxation—Part B: Certain U.S. Federal Income Tax Considerations") of HoldCo Shares.*

In general, a non-U.S. corporation, such as HoldCo, will be classified as a PFIC for any taxable year in which either (i) 75 per cent. or more of its gross income is passive income (such as, for example, dividends, interest, rents, royalties or gains from the disposition of investment assets) or (ii) at least 50 per cent. of the average value of its assets consists of assets that produce or are held for the production of passive income. Although HoldCo does not expect to be a PFIC following the Merger, the determination of PFIC status is uncertain in many respects. If HoldCo is classified as a PFIC following the Merger, then materially adverse U.S. federal income tax consequences could ensue to U.S. Holders of HoldCo Shares, including taxation of gain on a sale or other disposition of, and distributions on, HoldCo Shares at maximum ordinary income tax rates, and the imposition of a punitive interest charge on taxes due with respect to such gain and certain distributions by HoldCo. See the discussion in Part 23: "*Taxation—Part B: Certain U.S. Federal Income Tax Consideration—PFIC Considerations*" for additional detail.

4 Risks Relating to HoldCo Shares

4.1 *Because HoldCo is a holding company and substantially all of its operations will be conducted through its subsidiaries, its ability to pay dividends on the HoldCo Shares depends on its ability to obtain cash dividends or other cash payments or to obtain loans from such entities.*

HoldCo's ability to pay dividends is limited under English company law, which limits a company to only pay cash dividends to the extent it has distributable reserves and cash available for this purpose. The Combined Group will conduct substantially all of its operations through its subsidiaries, and such entities will generate substantially all of its operating income and cash flow. As a holding company, HoldCo's ability to pay dividends in the future is affected by a number of factors, principally on its ability to receive sufficient dividends from its subsidiaries.

The ability of such entities to make dividend payments to HoldCo depends largely on their financial condition and ability to generate profits. In addition, because the Combined Group's subsidiaries are separate and distinct legal entities, they will have, to the extent they have not agreed otherwise by entering into a separate agreement with HoldCo, no obligation to pay any dividends or to lend or advance to HoldCo funds and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or the applicable laws and regulations of the various countries in which they operate. Additionally, claims of the creditors of HoldCo subsidiaries have priority over any claims that HoldCo may have with respect to the assets of its subsidiaries. Further, the ability of HoldCo to direct dividend payments may be limited during any period prior to Deutsche Börse AG becoming a wholly owned subsidiary of HoldCo.

There can be no assurance that, in the long-term, the Combined Group's subsidiaries will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance to HoldCo sufficient funds to enable it to meet its obligations and pay interest, expenses and dividends, if any, on the HoldCo Shares. The inability of one or more of these entities to pay dividends or lend or advance to HoldCo funds could, in the long term, have a material adverse effect on its business, financial condition and results of operations.

4.2 ***There has been no prior public market for HoldCo Shares.***

On Completion, it is expected that HoldCo Shares will be listed on the London Stock Exchange and on the Frankfurt Stock Exchange. Prior to Admission, conditional dealings in HoldCo Shares will commence on the Effective Date and will end on the business day immediately prior to Admission which is expected to be 5–9 Business Days after the Effective Date. On the Effective Date, trading in Deutsche Börse Shares tendered in the Exchange Offer will end and trading in the LSEG Shares will end and the listing of the LSEG Shares on the London Stock Exchange will be cancelled. During the period from the Effective Date until Admission neither the LSEG Shares nor the HoldCo Shares will be admitted to the premium listing segment of the Official List. If Admission does not occur, all conditional dealings in HoldCo Shares will be of no effect and any such dealings will be at the sole risk of the parties concerned. There has been no prior public market for HoldCo Shares and an active public market for HoldCo Shares may not develop or be sustained after Completion. It is therefore uncertain the extent to which a trading market will develop or how liquid that market for HoldCo Shares might become.

4.3 ***Holders of the HoldCo Shares in certain jurisdictions, including the U.S. may not be able to exercise their pre-emption rights if HoldCo increases its share capital.***

Under the Companies Act, holders of HoldCo Shares generally will have a pre-emption right with respect to any issuance of HoldCo Shares or the granting of rights to subscribe for HoldCo Shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration.

Holders of HoldCo Shares in certain jurisdictions may not be able to exercise their pre-emption rights unless HoldCo takes action to register or otherwise qualify the rights offering under the laws of that jurisdiction. For example, U.S. Holders of the shares may not be able to exercise their pre-emption rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. The Combined Group currently does not intend to register the HoldCo Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to U.S. or other holders of the HoldCo Shares. If shareholders in such jurisdictions are unable to exercise their subscription rights, their ownership interest in HoldCo would be diluted.

PART 2—PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

No person has been authorised to give any information or to make any representations other than those contained in this document, the Exchange Offer Document or the Scheme Document in connection with the Merger and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company the HoldCo Directors, the Proposed Directors, the Joint Sponsors or the other Banks. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Section 87G of the FSMA and PR 3.4.1 of the Prospectus Rules, neither the delivery of this document nor any subscription or sale of HoldCo Shares made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Deutsche Börse Group taken as a whole or LSEG taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Any HoldCo Shareholder or prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any action in respect of the HoldCo Shares.

None of the Company, the HoldCo Directors, the Proposed Directors, the Joint Sponsors and the other Banks is making any representation to any HoldCo Shareholder or prospective purchaser of the HoldCo Shares regarding the legality of an investment by such HoldCo Shareholder or investor.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Banks by the FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Banks accepts responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the contents of this document or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the Deutsche Börse Group, LSEG, the HoldCo Shares, the Merger and/or Admission and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future.

Each of the Banks accordingly disclaims all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

This document should be read in its entirety. In making an investment decision, prospective shareholders and investors must rely upon their own examination of the Company, the Deutsche Börse Group, LSEG and the terms of this document, including the risks involved.

Without limitation, the contents of the websites of the Company, Deutsche Börse AG and LSEG plc (or any other websites, including the content of any website accessible from hyperlinks on the websites of the Company, Deutsche Börse AG and/or LSEG plc) do not form part of this document.

Forward-looking statements

This document contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical or current facts and events. Forward-looking statements in this document include, in particular, statements containing information on future earnings capacity, plans and expectations of the Company's business, its growth and profitability, and general economic and regulatory conditions and other factors to which it is or may be exposed. Statements made using terms such as "may", "might", "will", "should", "expect", "plan", "intends", "anticipate", "predict", "potential", "is likely" or "continue", and the negative of these terms and other comparable terminology indicate forward-looking statements. Forward-looking statements in this document are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the actual results of the Company, including its financial condition and/or profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, the Company can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the conditions of the Merger, as well as additional factors, such as: future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as changes in the political, social and regulatory framework in which the Combined Group will operate or in economic or technological trends or conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be viewed in the light of such factors. Accordingly, investors are strongly advised to read the following sections of this document in particular. The following sections include a detailed description of the factors that might potentially have an impact on the business of the Combined Group and the market in which it operates: "*Summary*", Part 1: "*Risk Factors*", Part 14: "*Operating and Financial Review of the Deutsche Börse Group*", Part 16: "Operating and *Financial Review of LSEG*", Part 6: "*Information on the Combined Group and background to the Merger*", Part 9: "*Terms and Conditions of the Merger*", Part 7: "*Information on the Deutsche Börse Group*", Part 8: "*Information on LSEG*" and Part 12: "*Dividends and Dividend Policy*". These sections include more detailed descriptions of factors that might have an impact on the business of the Combined Group and the market in which it operates.

In light of the uncertainties and assumptions, it is also possible that the future events mentioned in this document might not occur.

The forward-looking statements contained in this document speak only as of the date on which they are made. Other than in accordance with their legal and regulatory obligations (including under the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules), none of the Company, the Joint Sponsors or the other Banks undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion of the Company as to working capital set out in paragraph 18 of Part 24: "*Additional Information*".

Presentation of financial information

This document contains:

- the audited consolidated financial statements of the Deutsche Börse Group as at and for the 12 months ended 31 December 2015, 2014 and 2013 prepared on the basis of EU IFRS;
- the unaudited condensed consolidated financial information of the Deutsche Börse Group as at and for the three months ended 31 March 2016; and
- the audited consolidated financial statements of LSEG as at and for the 12 months ended 31 December 2015, as at and for the nine months financial year ended 31 December 2014, and as at and for the 12 months ended 31 December 2014 and 2013, prepared on the basis of EU IFRS.

Financial information of the Deutsche Börse Group

Unless otherwise stated, financial information for the Deutsche Börse Group has been extracted from the audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2015 (the "**Deutsche Börse 2015 Financial Statements**"), together with the unqualified independent audit report thereon, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2015, the audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2014 (the "**Deutsche Börse 2014 Financial Statements**"), together with the unqualified independent audit report thereon, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2014; the audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2013 (the "**Deutsche Börse 2013 Financial Statements**"), together with the unqualified independent audit report thereon, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2013; and the unaudited interim condensed consolidated financial information of the Deutsche Börse Group for the three months ended 31 March 2016 (the "**Deutsche Börse Unaudited Interim Financial Information**"). Where information has been extracted from the audited consolidated financial statements of the Deutsche Börse Group, the information is audited unless otherwise stated. Where information is identified as "unaudited" in this document, this means it has not been subject to an audit or inspection by an auditor (*prüferische Durchsicht*). See Part 19: "*Historical Financial Information of Deutsche Börse AG*" and Annex 5: "*Deutsche*

Börse AG Historical Financial Information" for the audited consolidated financial statements of the Deutsche Börse Group for the 12 months ended 31 December 2015, 2014 and 2013 and the unaudited condensed consolidated interim financial information of the Deutsche Börse Group for the three months ended 31 March 2016.

Any other financial information used in this document derives from the accounting systems of the Deutsche Börse Group. Unless otherwise indicated, financial information for the Deutsche Börse Group in this document is presented in euro and has been prepared in accordance with the EU IFRS.

Historical changes of accounting policies

With effect from 1 January 2015, interest income from central counterparties is recognised under the item "net interest income from banking business". Certain financial information as at and for the year ended 31 December 2014 has been presented in the Deutsche Börse 2015 Financial Statements and in this document as adjusted in line with the changed policy. See "*Operating and Financial Review of the Deutsche Börse Group—Key Factors Affecting Results of Operations and Financial Condition—Factors Affecting Comparability of Financial Statements*" and note 3 of the Deutsche Börse 2015 Financial Statements for additional information.

Financial information of LSEG

Unless otherwise stated, financial information for LSEG has been extracted from the audited consolidated financial information of LSEG plc and its subsidiaries for the years ended 31 December 2015, 31 March 2014 and 2013 and for the nine months financial year ended 31 December 2014. In 2014, LSEG changed its financial year end from 31 March to 31 December, resulting in a nine-months financial year ended 31 December 2014. Unless otherwise stated, financial information of LSEG is derived from LSEG's accounting systems.

Unless otherwise indicated, financial information for LSEG in this document and the information relating to LSEG incorporated by reference into this document are presented in pounds sterling and have been prepared in accordance with EU IFRS.

Non GAAP measures

LSEG presents certain Non GAAP measures as part of its financial disclosures, namely adjusted total income, adjusted operating profit and adjusted earnings per share, which are calculated by LSEG and are not included in the historical financial information described in Part 20: "*Historical Financial Information of LSEG plc*".

LSEG uses Non GAAP performance measures as key financial indicators as LSEG Board believes these better reflect the underlying performance of the business. Adjusted total income, adjusted operating profit and adjusted earnings per share all exclude amortisation and impairment of purchased intangible assets and goodwill and non-recurring items.

These Non GAAP measures are not measurements of financial performance under EU IFRS, and should not be considered in isolation, as an alternative for or superior to (a) net profit, or as a measure of LSEG's operating performance, (b) cash flows from operating activities, investing activities or financial activities (as determined in accordance with EU IFRS) or (c) any other measures of financial performance under EU IFRS. Adjusted income, adjusted operating profit and adjusted earnings per share may not be indicative of LSEG's historical operating results and are not meant to be predictive of potential future results. Adjusted income, adjusted operating profit and adjusted earnings per share have been disclosed in this document to provide investors with a financial measure that the LSEG Directors believe best approximates the ongoing business of LSEG and to permit a more complete and comprehensive analysis of LSEG's operating performance relative to other companies. Because not all companies calculate Non GAAP measures identically, LSEG's presentation of adjusted income, adjusted operating profit and adjusted earnings per share may not be comparable to similarly titled financial measures of other companies.

A reconciliation of adjusted operating profit and adjusted earnings per share from total income on a continuing operations basis for the periods indicated is set out below.

Continuing Operations	Year ended 31 December 2015	Nine month period ended 31 December 2014	Year ended 31 March 2014	Year ended 31 March 2013
	(£ million) (audited where marked with*)			
Total Income*	**1,418.6**	**957.3**	**1,209.6**	**852.9**
Adjusted total income(1)	**1,418.6**	**957.3**	**1,213.1**	**852.9**
Cost of sales*	(125.5)	(69.4)	(74.1)	(60.0)
Adjusted gross profit	**1,293.1**	**887.9**	**1,139.0**	**792.9**
Operating expenses(1)	(708.4)	(482.5)	(624.3)	(362.7)
Adjusted operating profit(1)	**584.7**	**405.5**	**514.7**	**430.2**
Adjustments(2)	(180.3)	(172.3)	(161.6)	(81.8)
Operating profit*	404.4	233.2	353.1	348.4
Basic earnings per share*(in pence)	**74.8**	**35.9**	**63.0**	**80.4**
Basic earnings per share from continuing and discontinued operations*(in pence)	94.6	37.9	63.0	80.4
Adjusted basic earnings per share(1)**(in pence)**	**103.4**	**72.9**	**107.1**	**105.3**
Adjusted basic earnings per share from continuing and discontinued operations(1)(in pence)	129.4	75.6	107.1	105.3

Note:

(1) Before amortisation and impairment of purchased intangible assets, goodwill and non-recurring items.

(2) Adjustments made include amortisation and impairment of purchased intangible assets, goodwill and non-recurring items.

Illustrative information on the Combined Group

In this document, certain illustrative operating information is presented to illustrate the effect of the Merger and the performance and position of the Combined Group on a historical basis. The bases and sources of this information are set out below. This information addresses hypothetical situations and therefore does not represent the Combined Group's performance or position, nor is it indicative of the performance or position that may, or may not, be expected to be achieved in the future.

(i) In 2015, the Combined Group traded 2.3 billion derivative contracts, comprising 2,272,446,122 derivative contracts traded by Eurex Group in 2015 and 48,879,243 derivative contracts traded by LSEG in 2015. (Source: the Futures Industry Association).

(ii) In 2015, the Combined Group traded €5.2 trillion equities, comprising €1,702,234 million equities traded by LSEG in 2015 (as disclosed in the LSEG December 2015 monthly market report), €1,505,752 million traded by Xetra in 2015 (as disclosed in the Deutsche Börse Group December 2015 monthly turnover statistics), €1,093,831 million traded by Turquoise in 2015 (as disclosed in the LSEG December 2015 monthly market report) and €943,540 million traded by Borsa Italiana in 2015 (as disclosed in the LSEG December 2015 monthly market report).

(iii)

(a) Transactional revenues include:

i. for LSEG, revenue from equity (capital markets division excluding primary markets and secondary markets other), LCH and CC&G; and

ii. for the Deutsche Börse Group, all sales revenue from Eurex (excluding repurchase agreements and other assets), all sales revenue from Xetra (excluding other assets), and transaction fee revenue from Clearstream.

(b) Non-transaction revenues include all other revenues.

(iv) As at 31 December 2015, the Combined Group would have had over 3,200 companies on its markets (Source: the World Federation of Exchanges). Those companies would have had a combined market capitalisation of €7.1 trillion / £5.6 trillion as at the end of December 2015, comprising £3.9 trillion market capitalisation of companies listed on the London Stock Exchange (as disclosed on the London Stock Exchange website), €0.6 trillion market capitalisation of companies listed on Borsa Italiana (as disclosed on the Borsa Italiana website) and €1.6 trillion market capitalisation of companies listed on Deutsche Börse exchanges (source: the Federation of European Securities Exchanges).

(v) The Combined Group had margin pool of approximately €150 billion, comprising LCH Group which had margin pool of €77.5 billion through LCH Limited and €23.2 billion through LCH SA as at September 2015, and Eurex Clearing which had margin pool of €47.0 billion as at September 2015.

(vi) LSEG had a notional amount outstanding of U.S.$251 trillion in over-the-counter interest rate derivatives as at 31 December 2015 and U.S.$328 trillion during the year ended 31 December 2015 as disclosed in LSEG's annual report for the year ended 31 December 2015.

(vii) The notional value cleared by Eurex Clearing AG reached €201 trillion as at 31 December 2015 as disclosed in Eurex Clearing AG's monthly volumes reporting as published in its website.

(viii)The Combined Group had over €16 trillion of assets under custody ("**AUC**"), as at 31 December 2015, which comprises:

(a) €13.3 trillion of AUC held by Clearstream as at 31 December 2015, as disclosed in Clearstream's figures for the year ended 31 December 2015; and

(b) €3.3 trillion of AUC held by Monte Titoli as at 31 December 2015, as disclosed in LSEG's annual report for the year ended 31 December 2015.

(ix) Over €450 billion of ETF/ETP assets under management ("**AUM**") tracking the Combined Group's indices comprises U.S.$385 billion tracking Russell and FTSE indices and U.S.$121 billion tracking STOXX indices, a total AUM of U.S.$506 billion which equates to over €450 billion when converted at the spot EUR / USD exchange rate as at 31 December 2015 of 1.086. (Source: www.etfgi.com)

Pro forma financial information

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustments from the Unaudited Pro Forma Financial Information contained in Part 21: "*Unaudited Pro Forma Financial Information for the Combined Group and Accountants Report*".

The unaudited pro forma income statement and unaudited pro forma statement of net assets of the Combined Group set out below have been prepared for illustrative purposes only in accordance with Annex I and Annex II of the PD Regulation and on the basis of the notes set out below.

The unaudited pro forma income statement has been prepared to illustrate the effect on the earnings of the Company as if the proposed Merger had taken place on 1 January 2015. The unaudited pro forma statement of net assets has been prepared to illustrate the effect on the net assets of the Company as if the proposed Merger had taken place on 31 December 2015.

The unaudited pro forma income statement and unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Company or the Combined Group's actual financial position or results. The Unaudited Pro Forma Financial Information has been prepared under IFRS as adopted by the EU and on the basis set out in the notes to the pro forma statements set out in Part 21: "*Unaudited Pro Forma Financial Information for the Combined Group and Accountants Report*" and in accordance with Annex I and Annex II to the PD Regulation. The Unaudited Pro Forma Financial Information is stated on the basis of the accounting policies to be adopted by the Company in preparing its next audited consolidated financial statements and should be read in conjunction with the notes to the pro forma statements.

By their nature, the unaudited pro forma net asset and income statements address hypothetical situations and therefore do not represent the Company's financial position as of 31 December 2015 and for the 12 months ended 31 December 2015. They may not therefore give a true picture of the Company's financial position or results, nor are they indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited pro forma net assets as at 31 December 2015 are €27,837.8 million. The unaudited pro forma operating profit / profit after tax from continuing operations for the 12 months ended 31 December 2015 is €868.2 million.

The Unaudited Pro Forma Financial Information has not been prepared, or shall not be construed as having been prepared, in accordance with Regulation S-X under the Securities Act. In addition, the Unaudited Pro Forma Financial Information does not purport to represent what the actual financial positions and results of operations of the Company would have been if the Merger had been completed on the dates indicated nor do they purport to represent the Company's results of operations for any future period or the Company's financial condition at any future date.

In addition to the matters noted above, the Unaudited Pro Forma Financial Information does not reflect the effect of anticipated synergies and efficiencies associated with the Merger.

Rounding

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Auditors

HoldCo was incorporated on 9 March 2016 and has not yet commenced its business. HoldCo has engaged KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom as the reporting accountants to HoldCo. The HoldCo Financial Information has been prepared in accordance with EU IFRS and its interpretations promulgated by the International Accounting Standards Board ("**IASB**"). KPMG LLP is a member of the Institute of Chartered Accountants in England Wales, Moorgate Place, London EC2R 6EA, United Kingdom.

The auditor of the financial reports of Deutsche Börse AG is KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main. KPMG AG is a member of German Chamber of Auditors, Rauchstraße 26, 10787 Berlin.

The auditor of LSEG plc for the financial year ended 31 December 2015 and the nine months financial year ended 31 December 2014 was Ernst & Young LLP, 1 More London Place, London SE1 2AF, United Kingdom. Ernst & Young LLP are registered to carry out audit work by the Institute of the Chartered Accountants in England and Wales, One Moorgate Place, London EC2R 6EA, United Kingdom. The auditor of LSEG plc for the financial years ended 31 March 2014 and 2013 was PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6 RH, United Kingdom. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of the Chartered Accountants in England and Wales, One Moorgate Place, London EC2R 6EA, United Kingdom.

Currencies

Unless otherwise indicated, all references in this document to:

- "**euro**", "**€**" or "**EUR**" are to the single lawful European currency adopted by certain participating EU Member States;
- "**pounds sterling**", "**pence**", "**£**", "**p**" or "**GBP**" are to the lawful currency of the United Kingdom; and
- "**U.S. dollar**", "**$**", "**U.S.$**", "**cents**" or "**USD**" are to the lawful currency of the United States.

Historical exchange rate information

The tables below show the high, low, average and period-end exchange rates of (i) pounds sterling per euro and (ii) pounds sterling per U.S. dollars for each annual period since 2013, and for each month from January 2016 to May 2016, expressed as listed below. (Source: Bloomberg)

Euro per pounds sterling historical exchange rate for each year between 2013 and 2015

	Euro/pounds sterling			
	Period end	Average rate(1)	High	Low
Year				
Year ended 31 March 2013	1.1856	1.2279	1.2857	1.1433
Year ended 31 December 2013	1.2041	1.1779	1.2343	1.1433
Year ended 31 March 2014	1.2099	1.1857	1.2235	1.1433
Year ended 31 December 2014	1.2876	1.2410	1.2876	1.1908
Nine months ended 31 December 2014	1.2876	1.2518	1.2876	1.2051
Year ended 31 December 2015	1.3571	1.3774	1.4416	1.2743

Note:

(1) The average rate is calculated based on closing prices during the periods indicated.
(Source: Bloomberg).

Euro per pounds sterling average monthly conversion rate between January 2016 and May 2016

	Euro/pounds sterling			
	Period end	Average rate(1)	High	Low
Year				
January 2016	1.3149	1.3258	1.3654	1.2980
February 2016	1.2799	1.2890	1.3256	1.2645
March 2016	1.2619	1.2794	1.2954	1.2619
April 2016	1.2761	1.2623	1.2905	1.2354
May 2016 (through 27 May 2016(2))	1.3146	1.2835	1.3175	1.2620

Notes:

(1) The average rate is calculated based on closing prices during the periods indicated (Source: Bloomberg).

(2) Latest practical date before the publication of this document

U.S. dollars per pounds sterling historical exchange rate for each year between 2013 and 2015

	U.S. dollars/pounds sterling			
	Period end	Average rate(1)	High	Low
Year				
Year ended 31 March 2013	1.5198	1.5804	1.6279	1.4903
Year ended 31 December 2013	1.6557	1.5649	1.6557	1.4867
Year ended 31 March 2014	1.6662	1.5901	1.6747	1.4867
Year ended 31 December 2014	1.5577	1.6476	1.7166	1.5517
Nine months ended 31 December 2014	1.5577	1.6452	1.7166	1.5517
Year ended 31 December 2015	1.4736	1.5285	1.5883	1.4632

Note:

(1) The average rate is calculated based on closing prices during the periods indicated (Source: Bloomberg).

U.S. dollars per pounds sterling average monthly conversion rate between January 2016 and May 2016

	U.S. dollars/pounds sterling			
	Period end	Average rate(1)	High	Low
Year				
January 2016	1.4244	1.4404	1.4746	1.4158
February 2016	1.3917	1.4313	1.4603	1.3871
March 2016	1.4360	1.4253	1.4482	1.3952
April 2016	1.4612	1.4314	1.4612	1.4056
May 2016 (through 27 May 2016(2))	1.4645	1.4522	1.4697	1.4365

Notes:

(1) The average rate is calculated based on closing prices during the periods indicated (Source: Bloomberg).

(2) Latest practical date before the publication of this document.

Market and industry data

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. The industry forecasts are forward-looking statements. See "*Forward-looking statements*" above.

Where information contained in this document has been sourced from a third party, the Company, the HoldCo Directors and the Proposed Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

Profit forecast

Information in relation to the Deutsche Börse Profit Forecast is included in Annex 1: "*Deutsche Börse Profit Forecast"* to this document. The Deutsche Börse Profit Forecast was issued by Deutsche Börse AG and no profit forecast has been issued by HoldCo or LSEG plc. Other than the Deutsche Börse Profit Forecast, no statement in this document (including the Deutsche Börse 2018 Guidance) is intended as a profit forecast and no other statement should be interpreted to mean that earnings for the current or future financial years would necessarily match or exceed the historical published earnings.

No incorporation of website information

The contents of the Company, the Deutsche Börse Group and LSEG's websites do not form any part of this document.

Definitions

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in Part 26: "*Definitions*".

For the purposes of this document, "**subsidiary**", "**subsidiary undertaking**", "**undertaking**", "**associated undertaking**" have the meanings given by the Companies Act.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Unless otherwise stated, all times referred to in connection to the Scheme and Completion are London time and all times referred to in connection with the Exchange Offer are Frankfurt time.

PART 3—HOLDCO DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Current Directors of the Company

Name	Position
Carsten Kengeter	Director
David Warren	Director

Proposed Directors of the Company Following Completion

Name	Position
Donald Brydon CBE	Chairman
Joachim Faber	Deputy Chairman and Senior Independent Director
Carsten Kengeter	Chief Executive Officer
David Warren	Chief Financial Officer
Jacques Aigrain	Non-Executive Director
Paul Heiden	Non-Executive Director
Lex Hoogduin	Non-Executive Director
Andrea Munari	Non-Executive Director
David Nish	Non-Executive Director
Mary Schapiro	Non-Executive Director
Richard Berliand	Non-Executive Director
Erhard Schipporeit	Non-Executive Director
Karl-Heinz Flöther	Non-Executive Director
Amy Yip	Non-Executive Director
Ann-Kristin Achleitner	Non-Executive Director
Christopher Cole	Non-Executive Director

Company Secretary, Registered Office and Advisers

Name	Position
Company Secretary	Lisa Condron
Registered Office (including following Completion)	10 Paternoster Square London EC4M 7LS United Kingdom
Joint Sponsor to the Company	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Joint Sponsor to the Company	Barclays Bank PLC, acting through its Investment Bank 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
Lead Financial Adviser to Deutsche Börse AG	Perella Weinberg Partners UK LLP 18–20 Grafton Street London W1S 4DZ United Kingdom

Name	Position
Joint Financial Adviser and Joint Corporate Broker to Deutsche Börse AG	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
Joint Financial Adviser to Deutsche Börse AG	Deutsche Bank AG Große Gallusstraße 10–14 60311 Frankfurt am Main Germany
Joint Corporate Broker to Deutsche Börse AG	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Financial Adviser to the Deutsche Börse Supervisory Board	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom
Financial Adviser to the Deutsche Börse Supervisory Board	Deutsche Bank AG Große Gallusstraße 10–14 60311 Frankfurt am Main Germany
English, German and U.S. legal advisers to Deutsche Börse AG	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom
Joint Lead Financial Adviser to LSEG plc	Robey Warshaw LLP 31 St. James's Place London SW1A 1NR United Kingdom
Joint Lead Financial Adviser, Rule 3 Adviser and Joint Corporate Broker to LSEG plc	Barclays Bank PLC, acting through its Investment Bank 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
Joint Lead Financial Adviser and Rule 3 Adviser to LSEG plc	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom
Joint Lead Financial Adviser and Rule 3 Adviser to LSEG plc	J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove 25 Bank Street Canary Wharf London E14 5JP

Name	Position
Joint Lead Financial Adviser and Joint Corporate Broker to LSEG plc	RBC Europe Limited (trading as "RBC Capital Markets") Riverbank House 2 Swan Lane London EC4R 3BF
Financial Adviser to Deutsche Börse AG	Lazard & Co., Limited 50 Stratton Street London W1J 8LL
Financial Adviser to LSEG plc	Société Générale 29 boulevard Haussman 75009 Paris, France
Financial Adviser to LSEG plc	UBS Limited 1 Finsbury Avenue London EC2M 2PP United Kingdom
English, German and U.S. legal advisers to LSEG plc	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS United Kingdom
Legal advisers to the Joint Sponsors	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG United Kingdom
Auditors to Deutsche Börse AG	KPMG AG Wirtschaftsprüfungsgesellschaft The Squaire Am Flughafen 60549 Frankfurt am Main
Auditors of LSEG plc	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom
Reporting Accountants	KPMG LLP 15 Canada Square London E14 5GL United Kingdom
LSEG plc Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART 4—EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown are London times unless otherwise stated. All dates and times are based on the current expectations of HoldCo, Deutsche Börse AG and LSEG plc and are subject to change, which will depend, among other things, on the date on which the Conditions to the Merger are satisfied (or, where applicable, waived). If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified by announcement through the Regulatory Information Service of the London Stock Exchange.

Event	Expected time/date[1]
Publication of this document, the Exchange Offer Document and the Scheme Document	**1 June 2016**
Commencement of the Acceptance Period under the Exchange Offer	1 June 2016[2]
Court Meeting	**10:00 a.m. on 4 July 2016**
LSEG General Meeting	**10:15 a.m. on 4 July 2016**[3]
Expiration of Acceptance Period under the Exchange Offer[4]	**24:00 (Frankfurt time) on 12 July 2016**
Expected publication of the results of the Acceptance Period by	18 July 2016
Expected beginning of additional Acceptance Period	19 July 2016
Expected end of the additional Acceptance Period	24:00 (Frankfurt time) on 1 August 2016
Expected publication of the results of the additional Acceptance Period	4 August 2016

The following dates and times are indicative only and subject to change and will depend on, among other things, the date upon which (i) the Conditions to the Merger are satisfied (or, where applicable, waived), (ii) the Court sanctions the Scheme and (iii) the Scheme Court Order is delivered to the Registrar of Companies

Scheme Court Hearing (to sanction the Scheme)	A date expected to be in the first quarter of 2017, subject to regulatory and merger control clearances ***(D)***
Effective Date of the Scheme (T)	**D+2 Business Days**[5]
Cancellation of admission of and dealings in LSEG Shares	8:00 a.m. on T
Last day of dealings in Deutsche Börse Shares tendered into the Exchange Offer	T
Commencement of conditional dealings[6] in HoldCo Shares on the London Stock Exchange and potentially on the Frankfurt Stock Exchange[7]	By 8:00 a.m. on T
Expected date of Admission and commencement of unconditional dealings in HoldCo Shares on the London Stock Exchange and on the Frankfurt Stock Exchange	**T+5–9 Business Days**
Long Stop Date, being the latest date by which the Merger must be completed	30 June 2017[8]

Notes:

(1) These times and dates are indicative only and subject to change, which will depend on, among other things, the date upon which (i) the Conditions are satisfied or (where applicable) waived, (ii) the Court sanctions the Scheme, and (iii) the Scheme Court Order sanctioning the Scheme is delivered to the Registrar of Companies. This timetable does not take into account settlement of the vendor placement for certain Deutsche Börse Shares tendered into the Exchange Offer by U.S. persons unable to receive HoldCo Shares.

(2) Following publication of the Exchange Offer Document.

(3) To commence at 10:15 a.m. or, if later, immediately after the conclusion or adjournment of the Scheme Court Meeting.

(4) In the event HoldCo were to amend the terms of the Exchange Offer (including the waiver of any offer conditions) during the last two weeks of the Acceptance Period, such period would automatically be extended by two weeks. In addition, if the minimum acceptance threshold is met during the Acceptance Period of the Exchange Offer, a subsequent acceptance period will be open for two weeks to allow any remaining Deutsche Börse Shareholders to tender their Deutsche Börse Shares to the Exchange Offer.

(5) This date will be the date the Scheme Court Order is delivered to the Registrar of Companies.

(6) It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned. The period of conditional dealings will commence on the Effective Date and will end on the Business Day immediately prior to Admission which is expected to be 5–9 Business Days after the Effective Date. The conditional dealings will end on the Business Day immediately prior to Admission.

(7) HoldCo seeks to achieve conditional dealings in HoldCo Shares on the Frankfurt Stock Exchange in parallel to the conditional dealings in HoldCo Shares on the London Stock Exchange.

(8) The latest date by which the Merger must be implemented (30 June 2017) is not capable of being extended.

PART 5—INDICATIVE MERGER STATISTICS

The following indicative merger statistics are based on the assumption that:

(a) 193,000,000 Deutsche Börse Shares are issued as of the date of commencement of the Exchange Offer;

(b) 6,276,014 treasury shares are held by Deutsche Börse AG as of the date of commencement of the Exchange Offer, and 365,900 treasury shares will be issued to Deutsche Börse Group employees under the GSP 2016 in June/July 2016, thereby resulting in at least 5,910,114 treasury shares being held by Deutsche Börse AG as at the end of the Acceptance Period;

(c) 187,089,886 Deutsche Börse Shares will be validly tendered into the Exchange Offer (representing the expected share capital of Deutsche Börse AG as at the end of the Acceptance Period, excluding the expected number of treasury shares held by Deutsche Börse AG that would not have been issued to Deutsche Börse Group employees under the GSP 2016 as described in (b) above);

(d) up to 357,000,000 LSEG Shares are expected to be in issue immediately prior to Completion; and

(e) both the Exchange Offer and the Scheme are settled whereby Deutsche Börse AG and LSEG plc become wholly owned subsidiaries of HoldCo.

In that case, a total of 344,919,586 HoldCo Shares will be issued to shareholders of Deutsche Börse AG and LSEG plc, comprising (A) 187,089,886 HoldCo Shares to Deutsche Börse Shareholders, on the basis of the Deutsche Börse Exchange Ratio of one HoldCo Share for each Deutsche Börse Share tendered; and (B) 157,829,700 HoldCo Shares to LSEG Shareholders taking into account the LSEG Exchange Ratio of 0.4421 of a HoldCo Share to be received for each LSEG Share.

Maximum number of HoldCo Shares expected to be in issue as at Completion	**344,919,586**
HoldCo Shares to be issued under the Exchange Offer	
Number of Deutsche Börse Shares in issue as at the Latest Practicable Date(1)	193,000,000
Number of Deutsche Börse Shares outstanding (excluding 6,276,014 shares held in treasury) as at the Latest Practicable Date(2)	186,723,986
Maximum number of HoldCo Shares expected to be issued pursuant to the Exchange Offer	**187,089,886**
HoldCo Shares expected to be issued pursuant to the Exchange Offer (as a percentage of the expected maximum enlarged issued share capital of HoldCo)	54.2%
HoldCo Shares to be issued pursuant to the Scheme	
Number of LSEG Shares in issue as at the Latest Practicable Date(2)	348,541,231
Maximum number of LSEG Shares expected to be in issue immediately prior to Completion(3)	357,000,000
Maximum number of HoldCo Shares expected to be issued pursuant to the Scheme	**157,829,700**
HoldCo Shares expected to be issued pursuant to the Scheme (as a percentage of the expected maximum enlarged issued share capital of HoldCo)	45.8%
Expected market capitalisation and shares in public hands	
Expected market capitalisation of HoldCo immediately following Completion(4)	€27,600 million
Estimated percentage of HoldCo Shares expected to be in public hands (within the meaning of LR 6.1.19R) immediately following Completion(5)	48.6%

Notes:

(1) Based on the Deutsche Börse AG articles of association as of the Latest Practicable Date and the assumption that no new Deutsche Börse Shares will be issued prior to Completion.

(2) Based on the LSEG plc share register as at the Latest Practicable Date. Since 15 March 2016 (being the latest practicable date prior to the Announcement), the total number of LSEG Shares in issue increased from 348,376,066 as at 15 March 2016 to 348,541,231 as a result of the issue of LSEG Shares by LSEG plc in connection with the exercise of options and awards vesting under the LSEG Share Plans.

(3) Based on 348,541,231 LSEG Shares in issue as at the Latest Practicable Date (as recorded on the LSEG plc share register) and assuming that up to 8,458,769 LSEG Shares will be issued by LSEG plc prior to Completion as a result of (i) the exercise of any options or (ii) awards vesting under the LSEG Share Plans.

(4) Calculated with reference to (i) the closing trading price of Deutsche Börse Shares on the Frankfurt Stock Exchange as at 27 May 2016 (being the Latest Practicable Date) and 187,089,886 outstanding Deutsche Börse Shares (being the maximum

number of Deutsche Börse Shares expected to be in issue immediately prior to Completion, excluding treasury shares); and (ii) the closing trading price of LSEG Shares on the London Stock Exchange as at 27 May 2016 (being the Latest Practicable Date) and 357,000,000 LSEG Shares (being the maximum number of LSEG Shares expected to be in issue immediately prior to the Completion), converted at the spot EUR/GBP exchange rate as at 27 May 2016 of € 1.3146 to £1.00.

(5) Based on the latest available information relating to beneficial holders of Deutsche Börse Shares as at 13 April 2016 and the top level shareholder register of LSEG plc as at 26 May 2016.

PART 6—INFORMATION ON THE COMBINED GROUP AND BACKGROUND TO THE MERGER

Investors should read this Part 6 in conjunction with the more detailed information contained in this document, including Part 7: "Information on the Deutsche Börse Group", Part 8: "Information on LSEG" and Part 9: "Terms and Conditions of the Merger".

Introduction

On 16 March 2016, the LSEG Board and the Deutsche Börse Management Board (together, the "**Boards**") announced that they had agreed the terms of a recommended all-share merger of LSEG plc and Deutsche Börse AG to form the "**Combined Group**" (the "**Merger**"). The Merger will be implemented via a newly incorporated holding company, HoldCo, which will acquire LSEG plc by way of a scheme of arrangement of LSEG plc (the "**LSEG Acquisition**") and which will acquire Deutsche Börse AG by making a securities exchange offer to all shareholders of Deutsche Börse AG (the "**Exchange Offer**"). The LSEG Acquisition is governed by the City Code and the Exchange Offer is governed by the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs-und Übernahmegesetz, WpÜG*) and applicable regulations supplementing it. See Part 9: "*Terms and Conditions of the Merger*" for further details in relation to the Merger, the LSEG Acquisition and the Exchange Offer.

It is currently expected that the Merger will be completed during the first quarter of 2017. See Part 4: "*Expected Timetable of Principal Events*" for further details.

HoldCo and the Boards jointly believe that the Merger will create a leading global markets infrastructure group anchored in Europe. HoldCo and the Boards also believe that the Merger represents a compelling opportunity for LSEG plc and Deutsche Börse AG to accelerate their successful and complementary growth strategies. The Merger will deliver significant value creation through cost synergies of approximately €450 million per annum, achieved in year three post Completion and, at least €250 million of revenue synergies per annum, achieved in year five post Completion, of which approximately €160 million will be delivered by year three post Completion, with a significant opportunity for further revenue growth.

This revenue growth will be generated across multiple areas and geographies, including:

- building on the commercial expertise, IP, complementary geographic footprints and distribution networks of the Combined Group's index and information services business, including FTSE Russell and STOXX, to cross-sell products and align commercial strategies, accounting for approximately 25 per cent. of the quantified revenue synergies;
- harnessing the benefits of the Combined Group's multiple CCP operations to further develop trading and clearing products in the FICC segment and equity benchmarks, accounting for approximately 25 per cent. of the quantified revenue synergies;
- creating an enhanced product range and expanding sales across reference data, regulatory reporting and technology related services to the companies' complementary client bases, accounting for approximately 20 per cent. of the quantified revenue synergies;
- developing enhanced offerings in equity and debt capital formation for listed and pre-IPO companies and trading participants, including the creation of a liquidity bridge for access to markets across the Combined Group, accounting for approximately 15 per cent. of the quantified revenue synergies; and
- enhancing growth in custody, settlement and collateral management services across a broader customer base within complementary geographies, accounting for approximately 15 per cent. of the quantified revenue synergies.

In addition, the Combined Group will:

- provide shareholders of the Combined Group the opportunity to participate in value creation through their interests in HoldCo;
- create a leading global markets infrastructure group anchored in Europe;
- address changing global customer needs in an evolving regulatory landscape;
- enhance both London and Frankfurt as domestic and international financial centres;
- create a leading venue for capital formation and the facilitation of economic growth;

- deliver a platform of choice for risk and balance sheet management, increasing safety, resiliency and transparency in global markets;
- create a leading information services business, providing innovative benchmarking in index and data products to inform decision-making across the investment life cycle; and
- benefit from an enhanced global footprint and the creation of a platform for future growth in Asia and the United States.

The Combined Group will maintain and strengthen its customer partnership and pro customer choice principles, seeking to build a leading position in every major business in which it operates. Commitment to a customer centric operating model allows the Combined Group to most effectively service customers' needs, leading to long term shareholder value creation. The existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals.

The Combined Group will be secured by a strong balance sheet and attractive cash flow profile, with expected Combined Group earnings allowing it to adopt a progressive dividend policy within the range of current policies adopted by LSEG plc and Deutsche Börse AG (subject to approval from the HoldCo Board) whilst reducing its leverage ratio towards 1.0x over the medium term. Furthermore, the Merger is expected to be accretive to adjusted cash earnings for both sets of shareholders in the first year post Completion.

The Combined Group will offer significant customer benefits providing services across capital formation, access to deep, liquid and transparent trading markets, robust and innovative information services, and risk and balance sheet management services for a broad range of market participants. The Combined Group will better support customers by responding to the evolving regulatory landscape and support the development of a deeper Capital Markets Union in Europe with a concomitant benefit to the Combined Group and its shareholders.

HoldCo and the Boards believe that the Combined Group is well positioned to serve global customers irrespective of the outcome of the Referendum although the outcome of that vote might well affect the volume, location or nature of the customer business carried out by the Combined Group. Accordingly, the outcome of the Referendum is not a condition of the Merger although LSEG plc and Deutsche Börse AG have established a Referendum Committee to assess the potential implications of any vote for the United Kingdom to leave the European Union for the Combined Group and the Combined Group's operations, future strategy and risk profile. The Referendum Committee will be dissolved in the event of a vote in favour of the United Kingdom remaining in the European Union. Further details of the Referendum Committee are set out in Part 11: "*HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance*". Following the Merger, the Combined Group would be expected to optimise fully and benefit from the potential of the Capital Markets Union project. It is recognised that a decision by the United Kingdom electorate to leave the European Union would put the Capital Markets Union project at risk.

HoldCo and the LSEG Board and the Deutsche Börse Management Board are united in their fundamental belief in the role of capital markets finance in supporting the European Union's 23 million high growth businesses and SMEs, for the benefit of the real economy, through enhancing for example AIM (Alternative Investment Market), ELITE Programme of LSEG plc (an innovative programme to help businesses grow, including education training and direct contact with Europe's financial and advisory community), 1000 Companies to Inspire Britain (an annual report of 1,000 SMEs in the United Kingdom, that show growth and flexibility) and Deutsche Börse Venture Network as well as the Combined Group's blue-chip customers through providing better access to lower cost of debt and equity finance, and the concomitant benefits that this will ultimately provide to the Combined Group and its shareholders.

Stock Exchange Listings and Index Series Eligibility

In connection with the Merger, HoldCo will seek a listing on each of the London Stock Exchange and the Frankfurt Stock Exchange. Applications have been or will be made by HoldCo to the UK Listing Authority, the London Stock Exchange and the Frankfurt Stock Exchange, respectively, for the HoldCo Shares to be admitted to (i) listing on the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities and (ii) a prime standard listing and trading on the regulated market segment of the Frankfurt Stock Exchange. HoldCo will also request that the FCA notify the European Securities and Markets Authority and provide a certificate of approval and a copy of this Prospectus to BaFin in Germany for the purposes of passporting the Prospectus under the Prospectus Directive in connection with the FSE Admission. It is expected that Admission will become effective and that dealings for normal settlement in the HoldCo Shares will commence at 8.00 a.m. (London time) on or shortly after the Closing Date. It is envisaged that at Completion the HoldCo Shares will be eligible for inclusion in the DAX and FTSE Russell index series. It is also envisaged that HoldCo will seek EURO STOXX inclusion. HoldCo will seek to ensure the aforementioned index inclusions from Completion, including through seeking to maintain sufficient liquidity in London and Frankfurt as the two primary markets for HoldCo Shares.

The Combined Group following Completion

Following Completion, the Combined Group will be a leading global markets infrastructure group anchored in Europe, which will operate through its intermediate subsidiaries, being LSEG plc in London and Deutsche Börse AG in Frankfurt am Main. By combining their expertise and established presence in the financial centres of London and Frankfurt, the Merger is expected to enhance the financial and strategic position of the Combined Group and better position it to respond to customer needs in an evolving competitive and regulatory landscape. The Combined Group will offer customer benefits by providing services across capital formation supporting 23 million companies, ranging from SMEs to blue chip and international companies, including approximately 3,200 listed companies on Deutsche Börse AG's and LSEG plc's respective exchanges. The Combined Group will provide access to deep, liquid and transparent trading markets, robust information services, and risk and balance sheet management services for a broad range of market participants. Additionally, it is anticipated that customers will benefit from the planned development of a portfolio margining service between listed and OTC rate derivatives clearing markets, which would result in significant benefits through margin relief and cost of capital savings. The service will be subject to an in-depth regulatory approvals process, adhering to all current EU regulations, including EMIR. It will also help customers respond to an evolving regulatory landscape and support the development of a deeper Capital Markets Union in Europe.

The Combined Group will have a diverse portfolio of businesses in capital markets, post trade, index and information services and technology with positions across multi-asset classes (derivatives, equities, fixed-income, FX and energy products). As a result, the Combined Group will be well positioned to attract leading issuers in both the equity and fixed-income markets. The Combined Group's significant level of assets under custody will significantly ease the burden of financing in the market and build upon Clearstream's existing capabilities and reputation as a global liquidity hub. Combining the information services businesses of LSEG plc and Deutsche Börse AG will create a leading global index franchise and provide complete pre- and post trade transparency to customers via real time market prices, news and reference data services, software tools, technology solutions and regulatory reporting solutions. The Combined Group will have over 70 strategic partnerships around the world and operations in over 30 countries, including in Asia and the United States and serve customers across the globe. On a pro forma basis, for the 12 months ended 31 December 2015, the Combined Group generated total income from continuing operations of €4.8 billion (£3.5 billion) and adjusted EBITDA from continuing operations of €2.2 billion (£1.6 billion), making it the largest exchange group globally by total income (figures converted to GBP at an average rate of exchange of €1.3782 = £1).

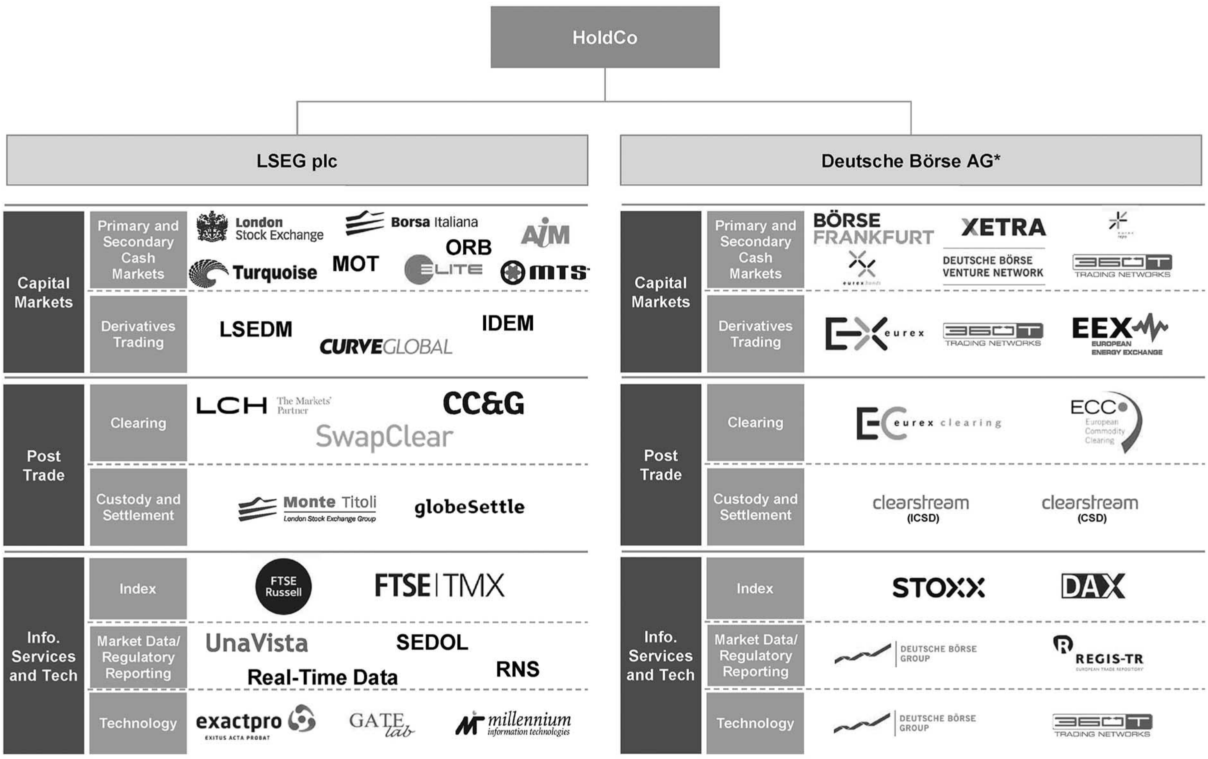
Following Completion, HoldCo will be the ultimate holding company of the Combined Group and LSEG plc in London and Deutsche Börse AG in Frankfurt will be its intermediate subsidiaries. Additionally, LSEG plc and Deutsche Börse AG will continue to be the holding companies of the LSEG and the Deutsche Börse Group, respectively. For further details on the current businesses of the Deutsche Börse Group and the LSEG, which will become businesses of the Combined Group following Completion, see Part 7: "*Information on the Deutsche Börse Group*" and Part 8: "*Information on LSEG*".

HoldCo will be resident solely in the UK for tax purposes. LSEG plc in London and Deutsche Börse AG in Frankfurt will become intermediate subsidiaries of HoldCo. LSEG plc and Deutsche Börse AG will continue to be subject to tax in their respective countries of incorporation.

The Combined Group will maintain its headquarters in London and Frankfurt with an efficient distribution of central corporate functions in both locations. HoldCo has been incorporated in the UK and will have a unitary board with equal representation from LSEG plc and Deutsche Börse AG, constituted in accordance with the UK Corporate Governance Code. LSEG plc will maintain a one-tier-board system, while Deutsche Börse AG will maintain a two-tier-board system subject to applicable co-determination rules in Germany which provide for employee representation on the supervisory board at a given time to be appointed by the employees. HoldCo will use the euro as its reporting currency for the purposes of its accounts and other financial reports following Completion. The subsidiaries of HoldCo will continue to use their existing reporting currencies for the purposes of their accounts and other financial reports.

On Completion, LSEG plc in London and Deutsche Börse AG in Frankfurt would become intermediate subsidiaries of HoldCo. LSEG and Deutsche Börse Group remain committed to maintaining the strengths and capabilities of their respective operations in both London and Frankfurt. As announced, the existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals. In particular in relation to LSEG plc's and Deutsche Börse AG's respective post trade businesses. The LSEG Board and the Deutsche Börse Management Board have no intention to move the locations of Eurex or Clearstream from Frankfurt, LCH from London, Paris and the U.S., Monte Titoli from Milan or CC&G from Rome following Completion. For undertakings, conditions or requirements may need to be offered to regulators, please refer to the risk factor under the heading "*Completion is subject to a number of conditions which may not be satisfied or waived*" in Part 1: *"Risk Factors"*.

The chart below shows a simplified overview of the Combined Group following Completion and selected businesses of the Combined Group:



* Ownership in Deutsche Börse AG dependent on Exchange Offer and may be less than 100% following Completion

Background to and Reasons for the Merger

HoldCo and the Boards believe the Merger, which will create a leading global markets infrastructure group anchored in Europe, represents a compelling opportunity for both businesses, significantly accelerating their successful and complementary growth strategies, and in turn creating value for shareholders and broader stakeholders.

The Combined Group will offer significant customer benefits providing services for capital formation, access to deep, liquid and transparent trading markets, robust and innovative information services offerings, and risk and balance sheet management services for a broad range of market participants. The Combined Group will better support customers by responding to the evolving regulatory landscape and support the development of a deeper Capital Markets Union in Europe with a concomitant benefit to the Combined Group and its shareholders.

The Combined Group will have the ambition and capability (including distribution network, global reach, brand strength, financial resources and deep customer relationships) to identify and capitalise on growth opportunities across the financial markets infrastructure sector that can offer a superior and distinctive return to shareholders. The Combined Group will also meet transparent non-discriminatory access provisions, across all relevant businesses, in compliance with forthcoming European regulation (MiFID II / MiFIR).

Creating a leading global markets infrastructure group anchored in Europe

HoldCo and the Boards jointly believe that the Merger represents a compelling opportunity for both businesses, substantially enhancing each other's capabilities in an industry-defining combination. Through its enhanced position in the global markets infrastructure sector, HoldCo and the Boards believe that the Combined Group will be better able to adapt to industry and regulatory dynamics, compete globally and create shareholder value based on a track record of execution and deep understanding of customers' needs.

LSEG plc and Deutsche Börse AG both have proven track records of delivering returns to shareholders. In the two years to 22 February 2016, the companies generated total shareholder returns of 27 per cent. and 37 per cent. respectively. 22 February 2016 is the latest practicable date prior to the date of the announcement made by LSEG plc on 23 February 2016 pursuant to Rule 2.4 of the City Code.

LSEG plc's and Deutsche Börse AG's businesses are highly complementary across operating divisions, businesses and asset classes; the Merger therefore accelerates their respective growth strategies resulting in a significantly enhanced product offering for customers world-wide, whilst broadening the Combined Group's reach and distribution network by creating a truly global geographic footprint. The Combined Group, which will maintain a customer partnership model, will have over 70 strategic partnerships with customers and infrastructure providers globally, operations in over 30 countries.

HoldCo and the Boards believe this improved full service offering will offer significant benefits to their customers. In particular, margin relief and capital savings are expected to arise from the development of a portfolio margining service between listed and OTC interest rate derivative clearing markets.

The Combined Group will be multi-asset class with positions in derivatives (2.3 billion derivative contracts traded in 2015 across its venues), equities (€5.2 trillion equities traded in 2015) fixed-income, FX and energy products, servicing global customers across all parts of the investment, trading and risk and balance sheet management life cycle.

The Combined Group will have an attractive portfolio of leading businesses which will provide a high level of customer service fulfilling the full range of market infrastructure needs:

- Capital Markets: AIM, Borsa Italiana, EEX, Eurex, Frankfurt Stock Exchange, London Stock Exchange plc, Main Market, MOT, ORB, MTS, Turquoise, Xetra, 360T and others;
- Post Trade: CC&G, Clearstream, Eurex Clearing, European Commodities Clearing, globeSettle, LCH, Monte Titoli and others; and
- Information Services and Technology, including indices and benchmarking tools: DAX, FTSE Russell, FTSE TMX, STOXX; technology solutions: Exactpro, GATElab, MillenniumIT, Deutsche Börse AG Systems, 360T; and market data and news: MNI, Real-Time Data, RNS; and reference data and regulatory reporting services; Regis-TR, SEDOL and UnaVista.

The result will be an enhanced growth profile with well diversified revenues across divisions in comparison to other global exchange and markets infrastructure groups. On a pro forma basis, for the 12 months ended 31 December 2015, the Combined Group generated total income from continuing operations of €4.8 billion (£3.5 billion) and adjusted EBITDA from continuing operations of €2.2 billion (£1.6 billion), making it the largest exchange group globally by total income (figures converted to GBP at an average rate of exchange of €1.3782 = £1).

Based on the respective results of the LSEG and the Deutsche Börse Group for the 12 months ended 31 December 2015 the split of the Combined Group's pro forma revenues would have been as follows: 14 per cent. from cash markets, 38 per cent. from derivatives trading and clearing, 21 per cent. from settlement, custody and collateral management, and 28 per cent. from information services and technology. A significant portion of each of these LSEG and the Deutsche Börse Group revenues were generated from non-transactional sources, reducing revenue volatility.

As at 31 December 2015, the Combined Group's pro forma leverage ratio would have been 1.8x. It is expected that the Combined Group, with its strong earnings potential and attractive cashflow profile, will reduce its leverage ratio towards 1.0x over the medium term. As at 31 December 2015, LSEG plc's gross assets were £463.3 billion and Deutsche Börse AG's gross assets were €180.1 billion. For the year ended 31 December 2015, LSEG plc's income was £2,381.5 million and it made an adjusted operating profit of £709.6 million. For the year ended 31 December 2015, Deutsche Börse AG generated net revenue of €2,367.4 million, with adjusted earnings before interest and tax ("**EBIT**") at €1,124.0 million.

Addressing changing global customer needs in an evolving regulatory landscape

HoldCo Shareholders will benefit from a customer centric Combined Group which is ideally placed to help buy-side and sell-side clients navigate the emerging regulatory landscape and respond to the evolution of global financial markets and investment needs by:

- Enabling customers to manage the impact of evolving regulations on their cost and capital bases. The Merger simplifies and enhances global access to multiple products. The sell-side will have an infrastructure partner of choice to help improve their risk management, costs and capital efficiencies, and provide portfolio margining opportunities and more efficient collateral management through the Combined Group's post trade assets;
- Meeting transparent and non-discriminatory open access provisions, across all relevant businesses, in compliance with forthcoming European regulation (MiFID II/MiFIR);
- Positioning the businesses to respond to the rapidly changing fixed-income trading requirements across dealers and clients, providing full transparency in pre and post trade;
- Facilitating access to one of the largest investor bases for issuers, helping to make the Capital Markets Union in Europe a reality for both small and medium-size enterprises, as well as larger corporates;
- Supporting the buy-side including asset owners, active and passive managers, product issuers and product structurers with integrated global indexing solutions and combined product innovation through FTSE Russell and STOXX; and
- Creating a diversified European player with a strong presence in the United States and Asia, including China, will help to meet the increasing customer needs for a global service offering across capital markets.

Combination of London and Frankfurt, enhancing both financial centres domestically and internationally

As well as linking the market infrastructures of the two largest European economies, the Merger will bring together London, a leading global financial centre and Frankfurt, the home of the ECB and access point to Europe's largest economy, in an industry defining combination. Both cities are important trade centres for Europe and the global economy, and HoldCo and the Boards are committed to maintaining their respective strengths and capabilities. The Merger will enhance the established link between financial services and the real economy, extends services and benefits for customers and contributes to the financial stability of the European market.

Furthermore, HoldCo and the Boards believe that the Combined Group supports the main objectives and development of the European Capital Markets Union of (i) strengthening European capital markets; (ii) supporting customers and stakeholders; and (iii) enhancing financing opportunities for SMEs, all of which will provide concomitant benefits to the Combined Group and its shareholders.

The Merger will reinforce both cities' roles:

- London will benefit from the Merger by further strengthening its position in international markets, including a leading position in multi-asset class OTC clearing and risk management (through LCH), post trade, technology, global indices (FTSE Russell), and primary and secondary markets. The Combined Group will benefit from London's geopolitical role as a link to Asia and the United States, as well as its large international listing venue and the outstanding international talent pool and broad cluster of supporting professional services located in London.
- Frankfurt, which is home to a number of leading post trade services globally through Eurex Clearing and Clearstream and has strong relationships with the Frankfurt-based regulators (BaFin, Bundesbank and the ECB), will benefit from the liquidity bridge created through the Merger providing new access points and securities for German investors. Frankfurt will remain the 'City of the DAX', with the Combined Group providing better opportunities and services for German corporates to raise new capital through the Combined Group's larger liquidity pool and investor base.

In summary, the Merger allows for deep expertise and knowledge to be pooled to take forward the best aspects of each market: capability to meet a broad range of customer needs, innovative products and services, core market structure, governance and support.

Creating a leading venue for capital formation and facilitating economic growth

The Combined Group will provide a platform and ecosystem for financing and promoting European and global economic growth by servicing the financing needs of companies, at all stages of their development and in their chosen form of capital (debt or equity) in Europe.

HoldCo and the Boards believe that the combination of the important financial centres of London, Frankfurt and Milan will position the Combined Group as a preferred global listings partner facilitating the growth of European companies and result in a combined offering for Asian and U.S. companies seeking to access a deep pool of international investors and capital.

HoldCo and the Boards take the view that the Merger will result, while maintaining their current strengths and capabilities, in an increased significance of all financial centres in which the Combined Group operates. In the view of HoldCo and the Boards, the position of London as a leading global financial centre (and home to leading regulators including the Bank of England and the FCA) will be reinforced and its position as the most international listing venue, a leader in OTC clearing and risk management with LCH, technology and index services will be strengthened. HoldCo and the Boards also take the view that the position of Frankfurt with its strong expertise in listed derivatives, technology, post-trade and risk and balance sheet management with Eurex Clearing and Clearstream and its direct and close relationships with leading regulators (BaFin, Bundesbank and the ECB) in the Euro-zone will be enhanced and further strengthened. Likewise the entities of the Combined Group operating in France, Italy, Luxembourg and the United States will seek to maintain the benefits they currently derive from their direct and close access to leading regulators in their respective jurisdictions, Italy (Bank of Italy and CONSOB), France (ACPR and AMF), Luxembourg (Banque Centrale du Luxembourg and CSSF) and the United States (SEC, CFTC, FINRA).

In addition, by connecting the secondary cash markets of London, Frankfurt and Milan, a liquidity bridge will be established, providing customers with access to more securities, a broader range of services and combined offering for pre-IPO markets, to the benefit of market participants in line with the evolving regulatory landscape.

HoldCo and the Boards are united by their fundamental belief in the role of capital markets finance in supporting the European Union's 23 million high growth businesses and SMEs, for the benefit of the real economy, as well as their blue-chip customers through providing better access to lower cost of debt and equity finance and the concomitant benefits that this will ultimately provide to the Combined Group and its shareholders. HoldCo and the Boards are committed to building and further developing their existing markets and initiatives that serve this vital customer segment, including London Stock Exchange's AIM (one of the world's largest markets for growth companies), ORB (order-driven trading service for retail bonds) and Borsa Italiana's MOT as well as SME support programmes such as the Deutsche Börse AG Venture Network (connecting issuers and investors to improve the funding situation for high-growth companies) and LSEG plc ELITE (an innovative programme to help businesses grow, including education training and direct contact with Europe's financial and advisory community) and publications such as "1000 Companies to Inspire Britain". Such initiatives are expected to facilitate the scale up and growth of European companies across the continent and globally, powering sustainable economic growth, investment and long term job creation.

As at the end of December 2015, the Combined Group would have had over 3,200 companies on its markets, with a combined market capitalisation of €7.1 trillion (£5.6 trillion).

In derivatives trading, Eurex's offering will be significantly enhanced through further connectivity with UK markets. Furthermore, HoldCo and the Boards are confident of creating significant value for stakeholders by being able to launch successful trading products based on FTSE Russell indices on Eurex.

In listed fixed-income markets, government and corporate issuers will benefit from the combination of Eurex Bonds, MOT, MTS and ORB. The Combined Group will also offer systemically important financing services to banks through their repo offerings with links to clearing and settlement.

Delivering a platform of choice for risk and balance sheet management, leading to increasing safety, resiliency and transparency in global markets

The Combined Group will offer an enhanced proposition to customers for their hedging, risk and balance sheet management and capital and collateral management needs through the provision of a leading global derivatives trading and clearing franchise and a global custody, settlement, asset servicing and collateral management service.

The Combined Group and its clients will also benefit from the ownership of leading global multi-asset class CCP clearing houses, including CC&G, Eurex Clearing, European Commodities Clearing and LCH Group. With margin pools (in aggregate) of approximately €150 billion across the LCH Group and Eurex Clearing, HoldCo and the Boards believe the Combined Group will continue to promote the safety, resiliency and transparency of global financial markets.

The LCH Group will continue to be committed to a horizontal, open access clearing model, which HoldCo and the Boards strongly believe brings benefits to the market through increased competition and customer choice and the Boards believe that this approach will ultimately drive long term shareholder value. Under the Merger, the Combined Group will meet transparent and non-discriminatory open access provisions, across all relevant businesses, in compliance with forthcoming European regulation (MiFID II/MiFIR).

The Deutsche Börse Group and the LSEG will also benefit from the planned development of a portfolio margining service between OTC and listed rate derivative clearing markets. LSEG had a notional outstanding of USD251 trillion in over-the-counter interest rate derivatives as at 31 December 2015 and USD328 trillion notional outstanding compressed over 2015 (being a service to reduce the notional value of outstanding swaps). In relation to the Deutsche Börse Group, the notional value cleared by Eurex Clearing AG reached EUR201 trillion as at 31 December 2015 (Source: Eurex Clearing AG's monthly volume reporting as published on its website). HoldCo and the Boards believe that the portfolio margining service will provide significant customer benefits through margin relief and capital savings. The service will be subject to an in-depth regulatory approvals process, adhering to all current EU regulations, including EMIR.

The co-operation between Clearstream, a leading domestic and international CSD in Europe, and Monte Titoli (first wave migrator to the Eurosystems T2S platform) within the Combined Group further increases customer access to settlement, custody, asset servicing, collateral management/financing and fund services. In a T2S world, the Combined Group will be even better positioned to attract assets and issuers, further building upon LSEG's and the Deutsche Börse Group's strong positions in equities and fixed-income. With over €16 trillion of AUC and LSEG plc's and Deutsche Börse AG's collateral management capabilities, the Combined Group will significantly help to ease the burden of financing in the market and build on Clearstream's existing global liquidity hub.

The financial management of the Combined Group will aim to ensure these systemically important institutions will continue to benefit from strong capital ratios and leading credit ratings as they seek to accelerate growth on a global scale and build on strong links to Asian markets.

Creating a global leading information services business, providing innovative benchmarking, index and data products to inform decision-making across the investment lifecycle

The information services business of the Combined Group will have a diversified product mix and will service customers globally. For the 12 months ended 31 December 2015, the Combined Group's pro forma information services revenues would have been approximately €1.0 billion with 59 per cent. related to indices and 29 per cent. related to market and reference data. The information services business will comprise a strong, intellectual property-rich suite of services including a global index franchise and a valuable collection of real time, reference data technology and software assets supporting clients to stay informed, manage data and connectivity and fulfil regulatory reporting requirements.

The Merger will enable the highly complementary combination of FTSE Russell's global leading benchmarking expertise with the derivatives and tradeable index franchise of STOXX/DAX. These index brands have a deep and broad adoption by asset owners, asset managers and traders. The Combined Group will therefore provide a complete indexing solution covering global, multi-asset benchmarks and tradeable solutions and will have a diversified index franchise balanced between data subscription revenue and product licence revenue (asset and volume based). The coming together of globally recognised index brands with strong customer relationships and a highly scalable business model will create significant value for customers and other stakeholders, creating new revenue opportunities for the Combined Group.

With over €450 billion of ETF AUM tracking the Combined Group's indices, HoldCo and the Boards are confident that the Combined Group is well positioned to continue to respond to the structural growth trends in the asset management industry, including the shift to passive investment and demand for innovative benchmarking tools such as factor indices and fixed-income indices. The Combined Group will have a genuinely global reach and therefore be better able to deliver industry-defining and responsive customer solutions that address these needs.

In Europe, ETF AUM increased with a growth rate of 24 per cent. per annum since 2005 and offers a large market opportunity for the Combined Group as appetite for these products broadens and deepens, driven by underlying socio-demographic trends. In addition to Europe, the Combined Group will be well positioned in the growth markets of North America and China, both in terms of products offered (such as Russell 2000 and the FTSE China A50) and client coverage through the FTSE Russell sales network.

The broader information services franchises of the LSEG and the Deutsche Börse Group will be greatly strengthened through the Merger with the ability to provide complete pre- and post trade transparency to customers, via real time market prices, news and reference data services, software tools, technology solutions and regulatory reporting solutions. Client needs for EMIR and MiFID regulatory reporting will be better met by bringing together the complementary strengths of LSEG plc's and Deutsche Börse AG's UnaVista and Regis-TR businesses, creating leading multi-asset European trade repository and expanded regulatory reporting and processing services as customers seek high quality and efficient solutions for their increasing regulatory reporting obligations.

The Combined Group will be an attractive partner for a broad range of buy-side and sell-side customers as they review their portfolio of index and information services businesses and increasingly look to rely on regulated market infrastructure to provide high quality and independent services in this area.

With an extensive and diverse range of services across the investment, trading and post trade value-chain, the Combined Group will be ideally positioned to deliver to customers the benefits of ongoing convergence between exchange, market infrastructure, data and information services companies.

The Merger combines two highly complementary businesses, delivering significant long term value creation for shareholders and customers. This includes the delivery of cost synergies of approximately €450 million per annum, achieved in year three post Completion and also includes revenue synergies of at least €250 million per annum achieved in year five post Completion, of which approximately €160 million will be delivered by year three post Completion, with significant opportunity for further revenue growth.

The Combined Group will be a leading global markets infrastructure company, with a significantly enlarged customer and product base, strong customer relationships and global distribution capability and with core strengths in product development and innovation. The Combined Group will have an enhanced ability to address rapidly evolving industry, customer and regulatory dynamics and be better positioned strategically to compete with other infrastructure providers in a consolidating and globalising market.

The Combined Group will drive significant value creation unlocked through fundamental operating principles of customer-centricity, maximising efficiencies, simplification and harmonisation, as well as the ability to offer both existing and new innovative products through an expanded global distribution network to new and existing customers across the buy-side and sell-side. It is expected that the Merger will be accretive to adjusted cash earnings for both sets of shareholders in the first year post Completion.

The Combined Group will maintain and strengthen its customer partnership and pro customer choice principles, seeking to build or retain a leadership position in every major business in which it operates. Commitment to our customer centric operating model allows us to most effectively service customers' needs, leading to long term shareholder value creation.

The Combined Group operates in a number of markets where there is strong underlying growth, including due to regulatory-driven requirements, evolving needs for capital formation, technology innovation and systems transformation and the move from active to passive investment. Through the Merger and the consequent combination of knowhow and reputation, innovation, product range and sales and distribution capability, the Combined Group will be in an improved position to compete strongly in these growth markets.

The Combined Group will have the ambition and capability (including global reach, brand strength, financial resources and superior customer centric operating model) to identify and capitalise on the unique growth opportunities across the financial markets infrastructure sector that can offer a superior and distinctive return to shareholders.

The assessment and quantification of synergies has been informed by both companies' deep industry and customer expertise, as well as their strong track records of driving incremental shareholder value from complex transaction integrations and delivering announced synergies on schedule to complement core business growth.

Cost Synergies

HoldCo and the Boards, having reviewed and analysed the potential benefits of the Merger, believe that the Combined Group will be able to achieve incremental recurring pre-tax cost synergies of approximately €450 million per annum in year three post Completion which are reported on under the City Code as set out in Appendix 2 of the Scheme Document. These synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger.

These cost synergies are split between and would be realised principally from:

- technology enabled efficiencies, accounting for approximately 50 per cent. of the identified cost synergies:
  - harmonisation of trading and post trade platforms based on best of breed technology in the Combined Group
  - reduction of project spending in optimised IT infrastructure
  - removing duplication of central IT functions
- corporate centre, accounting for approximately 30 per cent. of the identified cost synergies:
  - removing duplication and streamlining of governance
  - harmonisation of support, service functions and corporate systems
  - reduction of professional fees
- business segment optimisation, accounting for approximately 20 per cent. of the identified cost synergies:
  - optimisation of customer-facing organisations
  - scale efficiencies within each common asset class
  - integration of Index businesses

HoldCo and the Boards expect that the impact of synergy realisation would be distributed in a balanced manner across LSEG and the Deutsche Börse Group.

The total anticipated cost synergies of €450 million per annum are equivalent to approximately 20 per cent. of the Combined Group's 2015 pro forma adjusted operating expenses (before amortisation of purchased intangible assets and non-recurring items) from continuing operations of €2.2 billion.

HoldCo and the Boards expect that synergy and saving realisation will take place progressively, whereby approximately 50 per cent. of the total cost synergies will be phased in year one following Completion, rising to 75 per cent. effective in year two and 100 per cent. in year three following Completion.

HoldCo and the Boards expect that realisation of these cost synergies and savings would result in non-recurring costs of approximately €600 million by the end of year two following Completion. The phasing will be assessed further and refined as part of the detailed integration planning in due course.

These anticipated cost synergies identified reflect both the beneficial element and relevant costs.

Revenue Synergies

HoldCo and the Boards believe that the Combined Group will be able to achieve incremental recurring pre-tax gross revenue synergies of at least €250 million per annum in year five post Completion which are reported on under the City Code as set out in Appendix 2 of the Scheme Document.

HoldCo and the Boards expect that the quantified revenue synergies will be realised progressively, whereby approximately two-thirds of the total synergies (approximately €160 million) would be achieved in year three following Completion and 100 per cent. achieved in year five following Completion. This revenue growth will be generated across multiple areas and geographies, including:

- building on the commercial expertise, IP, complementary geographic footprints and distribution networks of the Combined Group's index and information services business, including FTSE Russell and STOXX, to cross-sell products and align commercial strategies, accounting for approximately 25 per cent. of the quantified revenue synergies;
- harnessing the benefits of the Combined Group's multiple CCP operations to further develop trading and clearing products in the FICC segment and equity benchmarks, accounting for approximately 25 per cent. of the quantified revenue synergies;
- creating an enhanced product range and expanding sales across reference data, regulatory reporting and technology related services to the companies' complementary client bases accounting for approximately 20 per cent. of the quantified revenue synergies;
- developing enhanced offerings in equity and debt capital formation for listed and pre-IPO companies and trading participants, including the creation of a liquidity bridge for access to markets across the Combined Group, accounting for approximately 15 per cent. of the quantified revenue synergies; and
- enhancing growth in custody, settlement and collateral management services across a broader customer base within complementary geographies accounting for approximately 15 per cent. of the quantified revenue synergies.

The synergy assumptions have been risk adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

The total quantified revenue synergies of at least €250 million per annum are equivalent to 5.2 per cent. of the Combined Group's pro forma total income from continuing operations for the 12 months ended 31 December 2015 of approximately €4.8 billion.

These anticipated revenue synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger.

HoldCo and the Boards expect the realisation of these revenue synergies to result in non-recurring costs of approximately €100 million. These costs are expected to be incurred in a phased manner over the first two years following Completion.

HoldCo and the Boards expect that the quantified revenue synergies will be delivered with an aggregate recurring contribution margin of approximately 85 per cent. The level of recurring contribution margin is driven by the Combined Group's ability to utilise existing resources and capabilities across its businesses in delivering the revenue synergies.

HoldCo and the Boards expect to further assess and refine the costs and phasing associated with the revenue synergies as part of the detailed integration planning in due course.

These anticipated revenue synergies identified reflect both the beneficial element and relevant costs.

Significant additional revenue growth opportunities possible

In addition to the quantified revenue synergies identified and described above, HoldCo and the Boards are confident of realising significant further value via the delivery of incremental revenue synergies and growth that cannot be quantified for reporting under the City Code at this time. These include:

- providing an enhanced trading and clearing product and service offering by unlocking the customer benefits arising from portfolio margining services. This service will improve the competitive positioning of the Combined Group in a €6 billion plus global industry revenue pool for derivatives trading and clearing.
- developing customer centric offerings in high growth areas designed to support industry needs for greater efficiency and transparency across the investment, trading and risk and balance sheet management life cycle, including workflow processing data services and analytics. The global industry revenue pool for post trade data and analytics is estimated at €23 billion to €27 billion.
- enhancing the Combined Group's global footprint in North America and Asia, strengthening its reach and distribution in these key markets. The Combined Group will offer superior and differentiated products to customers; positioning the Combined Group as the partner of choice for infrastructure

operators, investors and issuers. By 2020, North America and Asia are expected to represent 25 per cent. and 31 per cent. of global nominal GDP, as well as 49 per cent. and 16 per cent. of global assets under management respectively.

Please refer to Annex 2 (*Quantifiable Financial Benefits Statement*) of this document for further detail on the quantified synergies described above.

Enhancing global footprint and creating a platform for future growth in Asia and the United States

The Combined Group will have a global footprint. For the 12 months ended 31 December 2015, on a pro forma basis, approximately 82 per cent. of the Combined Group's revenue would have been generated from Europe, approximately 14 per cent. from the Americas and approximately 5 per cent. from other regions, including from Asia.

By pooling LSEG's and the Deutsche Börse Group's combined resources and assets, the Combined Group will be better positioned to compete against large U.S. peers in North America, where LSEG plc and Deutsche Börse AG will already have well-recognised clearing (LCH LLC), index and information services (FTSE Russell) businesses. The Combined Group will continue to utilise existing intellectual property to offer superior and differentiated products to U.S. customers.

In Asia, LSEG plc and Deutsche Börse AG have independently built leading partnerships and achieved success with individual products such as the FTSE China series, including the FTSE A50 derivatives contract, the LCH Group clearing of interest rate derivatives, foreign exchange and commodities across the Asia-Pacific region with an operational hub in Australia, announced the launch of Eurex Clearing Singapore and CEINEX, and Clearstream's links to Asian infrastructure for securities settlement and distribution of funds. HoldCo and the Boards expect the Combined Group will become a partner of choice for infrastructure operators, investors and issuers in Asia given the proximity and desire to work with European counterparts.

The Combined Group will also improve connectivity to China, positioning Frankfurt and London as leading RMB offshore centres. The Combined Group will be well positioned in China, both in terms of products offered (e.g. FTSE China A50) and in client coverage through the FTSE Russell sales network.

PART 7—INFORMATION ON THE DEUTSCHE BÖRSE GROUP

Investors should read this Part 7 in conjunction with the more detailed information contained in this document, including the financial and other information appearing in Part 14: "Operating and Financial Review of the Deutsche Börse Group". Where stated, financial information in this Part 7 of this document has been extracted from Part 19: "Historical Financial Information of Deutsche Börse AG".

Overview

Deutsche Börse AG has its principal office in Eschborn, near Frankfurt am Main, Germany. As at 31 December 2015, Deutsche Börse Group employed more than 5,200 people in 38 locations in 30 countries. In 2015, Deutsche Börse Group generated total net revenues of €2,367.4 million on a consolidated basis (2014: €2,047.8 million; 2013: €1,912.3 million).

As one of the largest exchange organisations worldwide, the Deutsche Börse Group offers its customers a broad portfolio of products and services. These cover the entire value chain of financial market transactions, from trading and clearing of securities, including derivatives, through transaction settlement, custody and collateral management and providing of market information, to the development and operation of electronic trading, clearing, settlement and custody systems. The Deutsche Börse Group classifies its business into four segments: Eurex, Xetra, Clearstream and Market Data + Services.

History and Development

Deutsche Börse AG's origins date back to 1585 when an assembly of Frankfurt's merchants initiated uniform exchange rates for the first time. Their aim was to create transparency, as is the Deutsche Börse Group's aim today. In 1605, a new name for the merchants' assembly appeared in the records for the first time, "Burs", meaning "exchange". In 1808, deputies of the Frankfurt merchants' assembly formed the Frankfurt Chamber of Commerce. After 223 years as a private institution, operated by a number of merchants, the stock exchange was taken over by the Chamber of Commerce, thus making the stock exchange a public-sector institution. In 1969, the digital age was launched at Frankfurter Wertpapierbörse. Since that time, traders have been able to process securities transactions electronically by BÖGA, a computer system for processing stock exchange transactions. One year later, exchange member firms were able to communicate with the exchange computer system via telex.

On 1 August 1990, Frankfurter Wertpapierbörse AG (the "**Frankfurt Stock Exchange**") was registered with the commercial register. In December 1992, it changed its name to "Deutsche Börse Aktiengesellschaft". The electronic trading platform for the cash market Xetra was launched in November 1997. In June 1998, the derivatives market Eurex was established. In January 2000, Deutsche Börse Clearing AG and Cedel International S.A. merged to form Clearstream International S.A., a company incorporated under the laws of Luxembourg, which together with its subsidiaries, provides post trade securities services with the exception of clearing.

In connection with its IPO in February 2001, shares of Deutsche Börse AG were admitted to trading on the Frankfurt Stock Exchange. In June 2002, Deutsche Börse AG acquired all of the shares of Clearstream International S.A., which has since been integrated into the Deutsche Börse Group. Deutsche Börse Shares have been included in the DAX index since December 2002. In March 2003, the Deutsche Börse Group introduced the CCP for cash equities for share trading on Xetra and on the trading floor of the Frankfurt Stock Exchange. The CCP provides counterparty risk management mitigation and enables for netting of transactions and therefore increases settlement efficiency in cash equity trading. In 2007, Deutsche Börse AG was included in the EURO STOXX 50 Index.

In order to expand its business, the Deutsche Börse Group has recently made several important acquisitions.

In 2015, the Deutsche Börse Group acquired Stoxx Ltd., APX Holding Group, 360T Beteiligungs GmbH ("**360T**") and a majority interest in Powernext SA. The €704 million acquisition of 360T is expected to enhance Deutsche Börse AG's performance growth in FX trading.

On 25 February 2016, the Deutsche Börse Group sold its 50 per cent. equity interest in the Infobolsa S.A. joint venture to its co-owner, BME, for a total cash consideration of €8.2 million.

On 9 March 2016, Deutsche Börse Group announced an agreement to sell ISE and ISE's holding company, U.S. Exchange Holdings, Inc., to NASDAQ, Inc. for total cash consideration of U.S.$1.1 billion. Under the terms of the transaction, Deutsche Börse AG will retain its shares in BATS Global Markets, Inc.

and Digital Asset Holdings LLC. The completion of the transaction is subject to approvals of merger control and supervisory authorities, which are expected in mid 2016.

Business Segments

Deutsche Börse Group's business activities are composed of the following segments: Eurex, Xetra, Clearstream and Market Data + Services.

Reporting Segment	Business Areas
Eurex	Electronic trading of European derivatives (Eurex Exchange), energy & commodities (EEX) and currencies (360T); U.S. options trading (ISE) is in the process of being sold Eurex Repo MTF C7 electronic clearing architecture CCP for on- and off-exchange derivatives, repo transactions, OTC clear and for securities lending (Eurex Clearing)
Xetra	Cash market with the Xetra and Börse Frankfurt trading venues Eurex Bonds MTF CCP for equities and bonds Admission of securities (listing) Venture Network
Clearstream	Custody and settlement services for domestic and foreign securities Global securities financing services and collateral management Investment funds and hedge funds services
Market Data + Services	Licensing of market data Development, production and licensing of indices and index data (DAX, STOXX) Technology solutions for external customers Customer connectivity

Eurex, the derivatives market, provides for the trading of futures and options and the Eurex Clearing AG performs CCP clearing and risk management for derivatives, equities, repo, securities lending, energy and fixed-income transactions. Xetra, as underlying technology platform, supports the trading and listing of cash market securities on the Frankfurt Stock Exchange as well as other European and international markets. Clearstream is responsible for the settlement, safekeeping and administration of securities. The Market Data + Services segment collects and distributes financial market data and indices.

Deutsche Börse AG operates the cash market of Frankfurt Stock Exchange. Through its equity investment in Börse Frankfurt Zertifikate AG, Deutsche Börse AG also offers trading in structured products (e.g., certificates and warrants). Furthermore, Deutsche Börse AG owns a 75 per cent. plus one share holding in Tradegate Exchange GmbH, which operates Tradegate Exchange, a Berlin-based stock exchange specially tailored to the requirements of private investors.

The Deutsche Börse Group also operates multiple derivatives markets in Europe, including Eurex Zürich, Eurex Deutschland and EEX, which is operated by a subsidiary of the Deutsche Börse Group. Furthermore, the Deutsche Börse Group operates a foreign exchange trading platform via its subsidiary 360T.

At the time of its acquisition, ISE was allocated to the Eurex segment from a balance sheet perspective.

The Deutsche Börse Group offers clearing services for the cash and derivatives markets (Eurex Clearing AG) as well as a fixed-income securities trading services (Eurex Bonds GmbH) and a market place for repo transactions (Eurex Repo GmbH).

Post trade services such as banking, settlement and custody services are handled by Clearstream Holding AG and its subsidiaries. These services include transaction settlement, administration and custody of securities as well as global securities financing.

In addition, the Deutsche Börse Group sells price and reference data as well as other information relevant for capital markets and develops and sells indices through its subsidiary, STOXX Ltd.

Deutsche Börse AG and Clearstream Services S.A. develop and operate Deutsche Börse Group's technological infrastructure.

Deutsche Börse Group's business has no significant seasonality.

Eurex

Eurex Frankfurt AG and Eurex Zürich AG, both 100 per cent. owned subsidiaries of Deutsche Börse AG, operate the Eurex Deutschland and Eurex Zurich exchanges, respectively. In addition, the Eurex segment consists of Eurex Clearing AG, the EEX AG and the MTF operator Eurex Repo GmbH, among others.

Business Overview

In 2015, the Eurex segment contributed €1,025.2 million to the Deutsche Börse Group net revenue, representing 43.3 per cent. thereof, compared to €807.4 million in 2014, representing 39.4 per cent. of the Deutsche Börse Group's net revenue. In 2013, the Eurex segment contributed €740.7 million, representing 38.7 per cent. of the Deutsche Börse Group's net revenue.

In 2015, net revenue of €622.3 million, representing 60.7 per cent. of the Eurex segment's net revenue (2014: €544.3 million representing 67.4 per cent.; 2013: €549.2 million representing 74.1 per cent.), came from trading and/or clearing of European equity index, interest and equity futures and options. As Eurex's pricing schedule for European products includes an all-inclusive price for trading and clearing by product type, it is not possible to split Eurex revenue between trading and clearing services. In the United States, net revenues from U.S. options amounting to €88.2 million, representing 8.6 per cent. of the Eurex segment's net revenue (2014: €83.0 million representing 10.3 per cent.; 2013: €91.5 million representing 12.4 per cent.), relate mainly to trading.

Eurex Exchange

The Eurex exchange business is carried out by Eurex Zürich AG and Eurex Frankfurt AG which operate the respective regulated markets, Eurex Zürich and Eurex Deutschland. Eurex's U.S. subsidiary ISE (an equity options exchange) is in the process of being sold to NASDAQ. Eurex operates one of the world's leading derivatives marketplaces. The regulated markets, Eurex Deutschland and Eurex Zürich, are operated on a single trading system with a product suite comprising some of the world's most actively traded and liquid instruments. Eurex offers approximately 2,000 derivatives products with more than 200,000 variations (Series).

Eurex offers interest rate and equity index derivatives as well as a broad spectrum of single equity products and non-financial asset classes, including commodities. Besides euro ("**EUR**")-denominated products, Eurex also offers derivatives denominated in Swiss francs ("**CHF**"), U.S. dollars ("**USD**"), pounds sterling ("**GBP**"), Korean won ("**KRW**") and Taiwanese dollar ("**TWD**"). Due to their joint electronic trading system, uniform exchange rules and a joint CCP (Eurex Clearing AG), the members of the Deutsche Börse Management Board believe that Eurex Exchanges are perceived by market participants as essentially a single marketplace. In 2015, Eurex served more than 350 member firms located in 34 countries worldwide.

Eurex Clearing AG

Eurex Clearing AG is the clearing house within Deutsche Börse Group. It offers fully automated and straight-through post trade services for derivatives, equities, repo, securities lending, energy and fixed-income transactions.

In addition to the clearing of derivatives listed on the Eurex Exchanges, Eurex Clearing AG also offers clearing of certain OTC derivatives through its service EurexOTC Clear. The service was launched in 2012 with the initial scope on OTC interest rate swaps, including forward rate agreements, overnight index swaps and basis swaps. It was complemented in 2015 by the launch of an additional clearing service for zero coupon inflation swaps.

In its role as a CCP, Eurex Clearing AG acts as a buyer for every seller and as a seller for every buyer, thereby managing and minimising counterparty risk while maximising operational efficiency. Eurex Clearing AG offers risk management, collateral and delivery management services with a focus on increasing market safety and integrity. Eurex Clearing AG provides leading risk management services such as comprehensive pre-trade risk limits and it was the first leading CCP worldwide to offer risk management and margining data in real-time to its clearing members.

Eurex Clearing AG is a wholly owned subsidiary of Eurex Frankfurt AG and acts as the CCP for the Eurex Exchanges (other than the International Securities Exchange), Eurex Bonds GmbH, Eurex Repo GmbH, the Frankfurt Stock Exchange and the Irish Stock Exchange.

Eurex Clearing AG provides clearing in EUR, CHF, USD, GBP, Japanese yen (JPY), KRW, TWD and renminbi (CNY), serves more than 185 clearing member firms located in 17 countries worldwide and managed a collateral pool of approximately €57 billion on average in the financial year ended 31 December 2015. In 2015, Eurex Clearing AG processed more than 1.79 billion (2014: 1.59 billion; 2013: 1.64 billion) transactions.

Eurex Clearing AG is a stock company incorporated in Germany and licensed as a credit institution under supervision of BaFin pursuant to the German Banking Act (*Gesetz über das Kreditwesen*). Furthermore, Eurex Clearing AG has been granted authorisation as a CCP under the EMIR on 10 April 2014. Due to its authorisation under EMIR, Eurex Clearing AG is treated as a "qualified CCP" for the purposes of Capital Requirement Regulation. On 1 February 2016, Eurex Clearing AG was registered by the Commodity Futures Trading Commission ("**CFTC**") as a Derivatives Clearing Organisation (DCO) for the clearing of OTC interest rate swaps for U.S.-American clearing members and their customers in accordance with the Commodities Exchange Act. BaFin has classified Eurex Clearing AG as an institution potentially endangering the system (*potentiell systemgefährdendes Institut*) as defined in the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*) ("**SAG**"). This means that additional regulatory requirements apply which, *inter alia*, require Eurex Clearing AG to draft a recovery plan and grant the resolution authority, the German Federal Agency for Financial Market Stabilisation (the "**German FUSA**"), additional powers with respect to Eurex Clearing AG.

Eurex Repo

The repo business is operated by Eurex Repo GmbH which is a MTF. It offers an integrated marketplace for electronic trading, clearing, collateral management and settlement for securities financing transactions (repo as well as securities lending). It is one of the leading European marketplaces with more than 140 participants in the financial year ended 31 December 2015. In 2015, the average outstanding repo volumes reached approximately €180 billion (January to October 2015).

Eurex Repo GmbH provides the following three markets: GC Pooling Market, Repo Market and SecLend Market.

GC Pooling Market combines the services GC Pooling and GC Pooling Select Invest.

GC Pooling provides electronic, anonymous and secured inter-bank cash funding in EUR, USD and CHF collateralised by fixed-income and equity baskets. It was jointly developed by Eurex Repo GmbH, Eurex Clearing AG and Clearstream Banking with the objective to deliver all the benefits of electronic trading, through a well-regarded clearing house acting as a CCP in combination with a real-time collateral management system to the secured money market.

GC Pooling has the advantage of allowing the re-use of received collateral for refinancing within the framework of the Deutsche Bundesbank/European Central Bank open market operations. GC Pooling has provided efficient secured funding based on a resilient market infrastructure during the recent financial crisis.

GC Pooling Select Invest provides secured funding for corporates, insurances and fund management companies. It offers electronic and bilateral cash funding in EUR, collateralised with fixed-income baskets (ECB-eligible securities). Customers are able to easily select their preferred banks, while banks can use the existing GC Pooling infrastructure.

Within the Repo Market participants can trade specific securities (special repo) as well as anonymously use tailor-made financing with 26 standardised general collateral baskets of fixed-income securities against EUR or GBP.

Furthermore, Eurex Repo GmbH operates the SecLend Market, which provides an electronic marketplace for banks, insurers and fund management companies to engage in securities lending and borrowing transactions. In addition, the SecLend Market offers bilateral trading with individual collateral schedules or cash collateral (EUR/USD) as well as standardised trading with collateral baskets.

Xetra

Xetra is the electronic multi-asset class trading system for the cash market of the Frankfurt Stock Exchange as well as other European and international exchanges. Deutsche Börse Group's cash market provides a comprehensive range of tradable securities from a single source. With over 10,500 equities from both German and international issuers, more than 27,500 fixed-income securities, approximately 1,100 index funds ("**ETF**"), more than 180 exchange traded commodities ("**ETC**"), more than 140 exchange traded notes ("**ETN**"), approximately 3,000 actively managed funds, and more than 1.3 million certificates and warrants, investors from all over Europe can buy and sell financial products in many important asset classes in a regulated and transparent marketplace. Integrated clearing by the CCP of Eurex Clearing AG and settlement by CBF help to ensure that all stock exchange transactions are fulfilled.

In 2015, the Xetra segment contributed €184.8 million to the Deutsche Börse Group's net revenue, representing 7.8 per cent. thereof, compared to €161.9 million in 2014, representing 7.9 per cent. of the Deutsche Börse Group's net revenue. In 2013, the Xetra segment contributed €151.7 million, representing 7.9 per cent. of the Deutsche Börse Group's net revenue.

Deutsche Börse Group continues to expand its range of securities that are available via the Xetra system. In this way, it offers investors a trading venue with very high liquidity for an increased number of tradable securities.

Xetra is a fully electronic trading system for the cash market that automatically matches buy and sell orders and seeks to execute trades under the best possible conditions. It operates independently of a trader's location and offers electronic access to the order book that contains buy and sell orders. Approximately 3,700 traders from 205 trading members firms across 18 countries are connected to Xetra.

Xetra is also a flexible trading system with various hybrid market models combining quote and order driven trading. Trading on Xetra includes both continuous trading for liquid securities, where orders are executed immediately in accordance with the principle of price time priority, and specialist trading, where specialists provide liquidity by entering two way quotes for a broad multi-asset class product universe.

Frankfurt Stock Exchange, Venture Network and Eurex Bonds

In 2015, the volume of IPOs on the Frankfurt Stock Exchange increased compared to prior periods. A total of 24 newly listed companies, the most new listings that Deutsche Börse AG has achieved since 2007, were accepted for trading.

In 2015, Deutsche Börse AG launched the Deutsche Börse Venture Network which connects high-growth start-up companies with international investors, to help these companies raise capital and build comprehensive networks. To that end, an exclusive online platform was established which allows investors and entrepreneurs to establish contacts and to exchange information in a protected platform.

The trading floor of the Frankfurt Stock Exchange, Börse Frankfurt operates as the central location for all trading specialists and as the focal point for all media activities with more than 60 TV broadcasts daily.

The wholesale fixed-income securities business is traditionally carried out under the brand of Eurex Bonds GmbH although its revenues are entirely allocated to the Xetra business segment. Eurex Bonds was founded in October 2000 as a joint initiative between Eurex Frankfurt AG and leading financial institutions. The organisation is operated as a joint venture with the purpose of establishing and operating an electronic platform for fixed-income securities.

Eurex Bonds GmbH operates a MTF and provides participants with an electronic platform for off-exchange, wholesale trading in European fixed-income securities. The necessary liquidity in the fixed-income securities is provided by market makers.

Clearstream

The Clearstream Holding Group is the post trade services arm of the Deutsche Börse Group. Clearstream Holding AG is a wholly owned subsidiary of Deutsche Börse AG and functions as a German financial holding company, owning *inter alia* 100 per cent. of Clearstream International S.A. and CBF. Deutsche Börse AG expects that BaFin will also classify Clearstream Holding AG as an institution potentially endangering the system (*potentiell systemgefährdendes Institut*) under the SAG. This means that additional regulatory requirements apply which, *inter alia*, require Clearstream Holding AG to draft a recovery plan and grant the resolution authority, the German FUSA, additional powers with respect to Clearstream

Holding AG. Its core businesses include the settlement of market transactions and the custody of securities. Its value-added services are in the areas of investment funds services and global securities financing.

In 2015, the Clearstream segment contributed €746.4 million to the Deutsche Börse Group's net revenue, representing 31.5 per cent. thereof compared to €698.0 million in 2014, representing 34.2 per cent. of the Deutsche Börse Group's net revenue and €653.9 million in 2013, representing 34.2 per cent. of the Deutsche Börse Group's net revenue.

Clearstream services are comprised of settlement, custody, securities financing and investment funds service. With respect to settlement services, the Clearstream segment seeks to ensure that cash and securities are delivered in a timely manner between trading parties. With respect to the custody of securities, the Clearstream segment is responsible for the management, safe-keeping and administration of deposited securities. In addition, the Clearstream segment offers value-added services such as global securities financing and investment funds services. Customers profit from individual services, efficient processing and reduced transaction costs. The Clearstream segment is one of Europe's leading suppliers of such post-trading infrastructure for shares and fixed-income securities in national and international trading. Operating across 55 markets, Clearstream is among the largest providers of securities services worldwide.

The Clearstream segment operates as both an international central securities depository ("**ICSD**") serving the international capital markets and a central securities depository ("**CSD**") for German and Luxembourg domestic securities. In 2015, the Clearstream segment settled 138 million transactions and held an average of €13.274 trillion securities in custody.

Clearstream offers settlement services in commercial bank and in central bank money. The latter is in the process of being outsourced to the Eurosystem as part of the TARGET2-Securities ("**T2S**") infrastructure project. Clearstream will use the T2S initiative to enable customers to connect with the common European settlement platform via its CSDs in Germany and Luxembourg (LuxCSD, jointly operated with BCL) beginning on 6 February 2017, when Clearstream's CSDs are expected to join T2S in migration "wave 4". Once Clearstream's CSDs join T2S, Clearstream will offer the benefit of domestic and international settlement in central and commercial bank money from one single point of access to T2S.

The commercial bank money settlement services of Clearstream are upgraded on a continuous basis. Efficient settlement of securities transactions between counterparties at Clearstream Banking, Luxembourg, and Belgium-based ICSD Euroclear Bank takes place via an electronic communications platform (the Bridge).

In the area of custody, Clearstream is responsible for the management, safekeeping and administration of securities on deposit. Services include the distribution and settlement processing of new issues, income and redemption payments, corporate actions, tax and proxy voting services, as well as safekeeping services. These services are upgraded on a continuous basis to reflect new customer and regulatory requirements.

In the area of global securities financing, Clearstream's services are combined under the Global Liquidity Hub. These include securities lending, borrowing and collateral management in cash, fixed-income and equities. The Global Liquidity Hub's sophisticated collateral management system allows for a high degree of flexibility, enabling a broad range of participants to implement individual service requirements. In February 2016 the monthly average outstanding of securities mobilised by customers in Clearstream's collateral management and securities lending programmes reached €532.7 billion. The implementation of a clearing obligation for OTC derivatives under EMIR is expected to increase margining requirements as well as the importance of efficient collateral management solutions.

In the area of investment funds services, Clearstream acts as a specialised sub-custodian, delivering solutions to standardise fund processing and to increase efficiency and safety in the investment funds sector. Vestima, Clearstream's global funds processing platform, provides access to all fund types from mutual funds to ETFs and hedge funds.

Market Data + Services

In 2015, the Market Data + Services segment contributed €411.0 million to the Deutsche Börse Group's net revenue, representing 17.4 per cent. thereof, compared to €380.5 million in 2014, representing 18.6 per cent. of the Deutsche Börse Group's net revenue and €366.0 million in 2013, representing 19.1 per cent. of the Deutsche Börse Group's net revenue.

The Deutsche Börse Group's Market Data + Services segment was formed in 2013 when the market data and external technology service businesses were merged. The segment aims to take advantage of the many different opportunities arising from the increasing digitisation of value chains in the financial sector. Aligning to market requirements, the four service lines of "Information", "Index", "Tools/Regulatory Services" and "Market Solutions/Infrastructure Services" were built.

Information

The Information business area comprises the development, commercialisation and distribution of real-time and historic market data, together with analytics on Xetra, Eurex and marketplaces of co-operation partners. The product range also includes the marketing of data not originating from Deutsche Börse AG trading platforms, such as the algorithmic newsfeed AlphaFlash, as well as financial news, analyses and business sentiment indicators from the Market News International ("**MNI**") subsidiary. As an independent information provider, Deutsche Börse AG serves a range of target groups through direct feeds and indirectly via data vendors. Private and institutional investors, asset managers, securities trading houses and hedge funds use the differentiated information provided to analyse the current market situation and then to decide on their future investment strategies, risk positions or securities issues.

Index

The Index business area licences indices, benchmarks and associated data via its STOXX Ltd. subsidiary, particularly to issuers of financial products. The DAX 30 index stands out as one of Deutsche Börse AG's most important indices: this economic indicator measures changes in the quoted market value of the 30 largest German companies listed on the Frankfurt Stock Exchange. It is complemented by the global STOXX index families—numerous innovative indices across a variety of asset classes. Among them, one of the best-known indices is the EURO STOXX 50.

Tools/Regulatory Services

The Tools business area covers the entire process of connectivity, trading and settlement in the exchange environment through its network services, software applications and services. Connectivity solutions, specialised trading software, solutions for compliance with legal and regulatory transparency requirements, as well as solutions for SWIFT network connectivity, reconciliation of accounts and SEPA payments, complete the product portfolio. As of 1 January 2016, the business area concentrates its business on regulatory services. Especially services to comply with MiFID II and EMIR are performed in the aforementioned business area which therefore will change its name into Regulatory Services.

Market Solutions/Infrastructure Services

The Market Solutions business area offers high quality operator services for international cash, energy and commodity marketplaces. Services include operating both complex business processes and platforms that Deutsche Börse AG developed and uses for itself. In particular, the Market Solutions business area performs trading systems for third party stock exchanges. In addition, Deutsche Börse AG makes available parts of its infrastructure features to external clients. Premium hosting services are offered to banks and asset managers in co-operation with software partners.

In accordance with recent developments of the Tools/Regulatory Services business area, connectivity services have been moved from the Tools business area to the Market Solutions business area. Henceforth, the name of the business area will be changed to Infrastructure Services.

Information Technology and Data Centres

Deutsche Börse IT offers its services in the areas of trading, clearing, settlement and custody as well as market data services.

Deutsche Börse IT develops, maintains and operates software and technical services. Deutsche Börse IT operates data centres for Deutsche Börse AG's market infrastructure and a network that connects customers globally. Currently, Deutsche Börse IT provides technology for more than 30 trading venues and exchanges worldwide, Deutsche Börse AG's CSD and ICSD businesses and connects approximately 400 customers.

Deutsche Börse IT develops and operates market infrastructure with a focus on safety, integrity, efficiency and innovation that supports the development of well-functioning markets. Deutsche Börse AG's IT strategy has a focus on driving industry trends and to include technology innovation in its market infrastructure, such as low latency services, real time risk management, algorithmic trading, co-location services, cloud technologies, open source, test driven and agile development. For example, the Deutsche Börse Group had a continued focus to reduce system latency in trading services over recent years. The Deutsche Börse Group offers co-location services which allow clients to place their systems in close proximity to the exchange infrastructure. As of 31 December 2015, 152 financial institutions and service providers are using such co-location services.

In derivatives trading, Deutsche Börse AG has introduced a new trading system with T7 which provides industry leading services to its customers since 2013. The T7 trading system includes open source software components, third-party programs and software that has been developed in-house. Since then, Deutsche Börse AG's risk management services have been migrated to a new risk model with PRISMA in a stepwise approach. Today, IT deployment focusses on the migration of Deutsche Börse AG's clearing business to C7, a new platform in trade management services that supports its clearing business. By launching a new-generation processing environment, Clearstream has been enabled to deliver real-time, event-driven settlement. Turnaround times for end-to-end settlement processing were reduced to under five minutes for 99.5 per cent. of instructions, thus helping to ensure more efficient interoperability between the different market participants.

Risk Management

Risk management is an integral component of management and control for the Deutsche Börse Group. The Deutsche Börse Group safeguards its continued existence and supports the achievement of its corporate goals by utilising effective and efficient risk management. To that end, the Deutsche Börse Group established a group-wide risk management system, which defines the roles, processes and responsibilities that are binding on all Deutsche Börse Group employees and organisational units.

The Deutsche Börse Supervisory Board evaluates the effectiveness of the risk management system, and its continuing development, and oversees the monitoring of risks. The audit committee of the Deutsche Börse Supervisory Board evaluates the effectiveness of the risk management system. The risk committee of the Deutsche Börse Supervisory Board reviews the risk management system, including the risk strategy, and its continuing improvement and oversees the monitoring of risks. The Deutsche Börse Management Board decides on the risk strategy and the risk appetite. The Deutsche Börse Group risk committee is an internal risk committee that continuously monitors the overall risk profile of the Deutsche Börse Group and consults with the Deutsche Börse Management Board on all key decisions.

The Deutsche Börse Group's risk management system is designed to ensure that Deutsche Börse AG's management committees are able to control, in a timely manner, the risk profile of the entire Group, single legal entities and significant individual risks.

The Deutsche Börse Group's risk strategy, which is applicable to the entire Deutsche Börse Group, is aligned with its business model and business strategy. The risk strategy is based on three core principles:

(i) Risk limitation: protecting the company against liquidation and ensuring its continued operation by determining its risk appetite for operational, financial and business risks;

(ii) Support for growth: supporting the various business segments in expanding their business within the scope of the risk appetite defined; and

(iii) Appropriate risk/return ratio: ensuring that risk and return are reasonably balanced, both for specific business segments in general and for individual regions, products and customers.

The Deutsche Börse Group uses a standardised approach, value at risk ("**VaR**"), to determine its required economic capital. It calculates the economic capital for the liquidation principle at a confidence level of 99.98 per cent. so that it can protect itself financially against extreme events in the following 12 months. In line with the prudence principle, the Deutsche Börse Group assumes a correlation of one between the risk types operational risk, financial risk and business risk.

The Deutsche Börse Group determines its risk-bearing capacity on the basis of its reported equity in accordance with IFRS. It adjusts this figure for precautionary reasons, for example to take into account the fact that it may not be possible to dispose of intangible assets at their carrying amounts in cases of extreme stress. Clearstream and Eurex Clearing AG determine their risk-bearing capacity on the basis of their regulatory capital. The risk-bearing capacity is defined for each individual risk type.

For management purposes, the Deutsche Börse Group regularly determines the utilisation of the risk-bearing capacity as the ratio of the economic capital to the risk-bearing capacity. The level of economic capital required is determined on the basis of operational risk, market risk, credit risk and business risk.

In addition to VaR calculations, the Deutsche Börse Group performs regular stress tests for all material risks, monitors short-term risks using numerous risk and performance metrics and tracks potential risks developing in the medium term using risk maps.

To ensure that all employees are risk-aware, risk management is firmly anchored in the Deutsche Börse Group's organisational structure. The business areas identify all potential risks and report them to the Deutsche Börse's group risk monitoring ("**GRM**"), a central function with group-wide responsibilities. GRM assesses the risk exposure while the business areas manage the risks by avoiding, mitigating or transferring them, or by actively accepting them. Finally, GRM monitors and reports the risks six times a year to the Deutsche Börse Group risk committee, once a month to the Deutsche Börse Management Board, once a quarter to the risk committee of the Deutsche Börse Supervisory Board and twice a year to the Deutsche Börse Supervisory Board. Where applicable, GRM recommends possible risk management measures. Internal auditing is responsible for monitoring compliance with the risk management system.

Intellectual Property

The Deutsche Börse Group has numerous word marks, device marks and word/device marks legally protected in Germany, Europe and other territories of the world. The brand names of indices, including DAX, MDAX, TecDAX, developed and computed by the Deutsche Börse Group are trademark protected, as are brand names such as Xetra, Eurex and Clearstream. Software developed by Deutsche Börse Group is copyright protected. Moreover, the Deutsche Börse Group collects and compiles information and data partly in copyright protected format or protected as electronic databases.

The Deutsche Börse Group also seeks protection for its innovations by using patents, as it deems appropriate.

In addition, the Deutsche Börse Group has numerous validly registered domain names, the most important of which include deutsche-boerse.com, boerse-frankfurt.de, dax-indices.com, clearstream.com and stoxx.com.

The Deutsche Börse Group is a licensee under a number of licence agreements. The Deutsche Börse Group's key licence agreements, not including off-the-shelf software, include agreements with Bloomberg, S&P Global Ratings, Thomson Reuters, Telekurs and Interactive Data Corporation.

Issuers of instruments linking the Deutsche Börse Group's indices as an underlying reference must sign a royalty-bearing licensing agreement with Deutsche Börse AG or one of its subsidiaries.

Customers

The Deutsche Börse Group's customers include banks, brokers, trading firms, investment advisors, fund managers, asset managers, algorithmic traders, data vendors and other market participants.

Sales and Marketing

The Deutsche Börse Group's marketing and sales activities are de-centralised. Marketing activities include promotion of new products and new product-functionalities. The Deutsche Börse Group's sales activities are focused mainly on client relationship management.

Employees

As at 31 December 2015, the Deutsche Börse Group had more than 5,200 employees (31 December 2014: 4,540, 31 December 2013: 3,811) working in 38 locations worldwide. As at 31 March 2016, the Deutsche

Börse Group employed 5,246 people. As at the Latest Practicable Date, the employee headcount of Deutsche Börse Group has not changed significantly.

The Deutsche Börse Group offers flexible working time models in order to recruit and retain the best talent for the company. In 2015, there was an average of 4,643 full-time equivalent (FTE) employees, which included part-time employees (2014: 3,911; 2013: 3,515). In 2015, 39 per cent. of permanent employees were women. During the same period, women held 15 per cent. of the executive positions at Deutsche Börse Group. As at 31 December 2015, the proportion of part-time employees was higher in the general workforce than in management and was higher among women.

The staff turnover rate increased by 2.4 per cent. to 7.0 per cent. in 2015 (unadjusted: 7.6 per cent.) from 4.6 per cent. (unadjusted: 6.0 per cent.) in 2014. The adjusted figures result from a planned fluctuation as a consequence of Deutsche Börse AG's efficiency programmes.

As at 31 December 2015, 70 per cent. (comprising 73 per cent. of the male and 66 per cent. of the female Deutsche Börse Group employees) of the Deutsche Börse Group's employees were graduates. This figure was calculated on the basis of the number of employees holding a degree from a university, university of applied sciences, or professional academy as well as employees who have completed comparable studies abroad. In 2015, the Deutsche Börse Group invested an average of 3.5 days (2014: 2.7 days) per employee in staff training.

The average number of employees employed by the Deutsche Börse Group during the years ended 31 December 2015, 2014 and 2013 was as follows:

	Year ended 31 December		
Segment	**2015[(1)]**	**2014**	**2013**
Eurex	1,865	1,332	1,018
Xetra	326	305	330
Clearstream	2,350	2,228	1,818
Market Data + Services	742	675	645
Total Deutsche Börse Group	5,283	4,540	3,811

Note:

(1) The total employee headcount as well as the employee headcount of the Eurex and Market Data + Services segments has decreased as of 30 March 2016 due to the sale of Infobolsa S.A.

	Year ended 31 December					
Country/Region	**2015**		**2014**		**2013**	
		(%)		**(%)**		**(%)**
Germany	2,118	40.1	1,917	42.2	1,624	42.6
Luxembourg	1,078	20.4	1,028	22.6	982	25.8
North America	327	6.2	305	6.7	310	8.1
Czech Republic	636	12.0	540	11.9	494	13.0
Ireland	311	5.9	291	6.4	0	0
United Kingdom	186	3.5	144	3.2	112	2,9
Rest of Europe	418	7.9	159	3.5	159	4.2
Asia	200	3.8	148	3.3	122	3.2
Middle East	7	0.1	8	0.2	8	0.2
South America	2	0.1	0	0	0	0
Total Deutsche Börse Group	5,283	100	4,540	100	3,811	100

Employee Share Plans

Principal terms of the Deutsche Börse Share Plans

For information relating to the Group Share Plan of Deutsche Börse AG and the Stock Bonus Plan of Deutsche Börse AG, see note 39 to the Deutsche Börse 2015 Financial Statements included in this document at Annex 5: "*Deutsche Börse AG Historical Financial Information*". Employees who have purchased Deutsche Börse Shares under the Group Share Plans in the past will be allowed to tender the purchased Deutsche Börse Shares in the Exchange Offer in which case the remainder of the holding period will apply to the HoldCo Shares received upon settlement of the Exchange Offer.

Deutsche Börse AG plans to operate the Group Share Plan for a further time in about June/July 2016 ("**GSP 2016**"). If operated, under the GSP 2016, each employee of the Deutsche Börse Group with an indefinite employment contract which started prior to 1 April 2015 (who is not under notice and who is neither a member of the Deutsche Börse Management Board nor a senior executive of the Deutsche Börse Group) will have the opportunity to purchase from Deutsche Börse AG, within a limited period beginning mid June 2016, up to 100 Deutsche Börse AG treasury shares. Not eligible for participation in the GSP 2016 are employees working in certain jurisdictions and employees with fixed-term contracts. The participating employees will be granted a discount of 30 or 40 per cent. on the XETRA stock price of Deutsche Börse Shares around the time of operation. The applicable discount depends on the employee's length of service with Deutsche Börse Group. The purchased Deutsche Börse Shares must be held by the employees for at least two years. However, the plan is that the employees will be allowed to tender the purchased Deutsche Börse Shares in the Exchange Offer in which case the remainder of the holding period will apply to the HoldCo Shares received upon settlement of the Exchange Offer.

The Performance Share Plan as effective from 1 January 2016, the Performance Share Plan as of February 2016, the Performance Bonus Plan as effective from 1 January 2016 and the Performance Bonus Plan as of February 2016 are plans in which the executive board and/or senior management of Deutsche Börse AG participate.

- Under the Performance Share Plan as effective from 1 January 2016 and the Performance Share Plan as of February 2016, phantom conditional share awards are granted which vest, subject to the achievement of net income growth and relative total shareholder return measures assessed over five financial years. The net value of any cash payment must be used to acquire Deutsche Börse Shares by market purchase.
- Under the Performance Bonus Plan as effective from 1 January 2016 and the Performance Bonus Plan as of February 2016, 50 per cent. of net bonus earned for a financial year must be used to acquire Deutsche Börse Shares by market purchase. These Deutsche Börse Shares are subject to a three-year holding period.

Share-based awards under the Deutsche Börse LSI / RSU Schemes are phantom awards designed to meet regulatory requirements (relating to both deferral and share price linkage) applicable to selected individuals who are considered to be risk takers of Deutsche Börse AG or its regulated subsidiaries working in certain senior positions. Awards typically vest over three to five years, subject to the terms of the relevant scheme. In some cases payment is delayed for a further one year after vesting.

Deutsche Börse Share Plan Interests

As at 27 May 2016 (being the Latest Practicable Date), the aggregate number of employee share awards outstanding pursuant to the Deutsche Börse Share Plans was 283,704. According to the respective terms and conditions, all these awards will be satisfied on maturity by cash payments to the beneficiaries and therefore have no dilutive effect. Furthermore, neither Deutsche Börse AG nor any of its subsidiaries has granted any option or award over its shares or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such options or awards.

Impact of the Merger on the Deutsche Börse Share Plans

See paragraph 13.5.1 of Part 24: "*Additional Information*".

Real Property Owned, Leased or Subleased

As of 27 May 2016 (being the Latest Practicable Date), the Deutsche Börse Group's entities are not the legal owner of any real property and no real property was recognised on the Deutsche Börse Group's balance sheet as at 30 April 2016. All Deutsche Börse Group office buildings are leased and the contracts are classified as operating lease contracts.

The minimum lease payments from operating leases for buildings during the years ended 31 December 2015, 2014 and 2013 was as follows:

	Year ended 31 December		
	2015	2014	2013
	(€ million)		
Up to one year	67.6	60.5	61.0
One to five years	193.7	192.4	160.0
More than five years	155.4	185.6	225.3
Total	416.7	438.5	446.3

Operating leases for buildings, some of which are sublet, have terms of between one and 11 years. Such leases usually terminate automatically when the lease expires. The Deutsche Börse Group has options to extend some of its leases.

Deutsche Börse AG has a 15 year lease on its principal office in Eschborn which is due to expire in 2025 with options to extend. Deutsche Börse AG's principal office is approximately 55,000 square meters.

The rental income from sublease contracts during the years ended 31 December 2015, 2014 and 2013 was as follows:

	Year ended 31 December		
	2015	2014	2013
	(€ million)		
Up to one year	0.9	1.1	1.3
One to five years	0.7	1.1	0.3
Total	1.6	2.2	1.6

Investments

Acquisitions and other transactions

In the year ended 31 December 2015, the Deutsche Börse Group made acquisitions and other transactions amounting to €1,428.4 million (2014: €153.6 million, 2013: €30.0 million). For a description of capital expenditures in intangible assets and property, plant and equipment see Part 14: "*Operating and Financial Review of the Deutsche Börse Group—Quantitative and Qualitative Disclosure of Financial Risk—Capital Expenditures in intangible assets and property, plant and equipment*". In the year ended 31 December 2015, the Deutsche Börse Group acquired shares or increased its existing shareholding in the following companies:

- *Powernext SA, EPEX Spot SE, EPEX Spot Schweiz AG and JV Epex-Soops B.V.:* On 1 January 2015, EEX acquired a 53.34 per cent. interest in Powernext SA in exchange for 36.75 per cent. of the shares of EPEX Spot SE. As a result of the acquisition, all of EEX's natural gas activities have been combined with Powernext. EEX has subsequently increased its interest in Powernext SA to 87.73 per cent. Since Powernext held a 50 per cent. interest in EPEX Spot SE ("**EPEX**"), EEX also obtained a controlling interest in EPEX and its two subsidiaries, EPEX Spot Schweiz AG and JV Epex-Soops B.V.
- *APX Holding:* On 4 May 2015, Deutsche Börse AG acquired a 100 per cent. interest in APX Holding in order to expand its spot power business, including trading and clearing. APX Holding, which covers the Netherlands, United Kingdom and Belgian spot markets, was integrated with EPEX.
- *360T:* On 15 October 2015, Deutsche Börse AG acquired 360T for a purchase price of €704 million. 360T is a leading global FX trading platform catering to a broad range of customers including corporates, buy-side firms and banks. Since its incorporation in 2000, 360T has experienced double-digit annual revenue growth.
- *STOXX Ltd., STOXX Australia Pty. Ltd. and Indexium AG:* On 31 July 2015, the Deutsche Börse Group acquired 49.9 per cent. of the shares of STOXX Ltd. and 50.1 per cent. of the shares of Indexium AG from SIX Group AG. Prior to the acquisitions, Deutsche Börse AG had had control over STOXX Ltd. and included the company in its consolidated financial statements. Following the

transaction, Deutsche Börse AG had a 100 per cent. shareholding in STOXX Ltd., its subsidiary STOXX Australia Pty. Ltd and Indexium AG.

In the first quarter of 2016 no significant acquisitions were carried out. With regard to the increase of interests in associates an amount of €0.1 million was invested.

Software Investments

The amount invested for purchased and internally developed software was €112.1 million in 2015 (2014: €102.9 million, 2013: €99.0 million). In the first quarter of 2016 an amount of €25.9 million was invested. Over the last three financial years and in the first quarter of 2016, the Deutsche Börse Group's key software investments included:

- Creation of a common technological trading and clearing infrastructure;
- Development of Eurex Clearing Prisma, a technological solution for a portfolio-based margining approach;
- Creation of clearing solutions for the OTC derivatives business to reduce systemic risks and increase the integrity of financial markets;
- Supporting the growing usage of collateralised lending and borrowing of cash and securities; and
- Improvements to the speed, capacity and reliability, and an overall enhancement of existing products, such as the core software releases for the systems of Xetra, Eurex and Clearstream.

Building Improvements, Computer and Office Equipment

The amount invested in building improvements was €10.3 million in 2015 (2014: €5.7 million, 2013: €3.6 million). The amount invested in fixtures and furnishing was €32.0 million in 2015 (2014: €24.9 million, 2013: 25.0 million).

Investments Currently in Progress

Approximately 80 per cent. to 90 per cent. of the Deutsche Börse Group's 2016 investment budget of €150 million has been assigned to ongoing projects, including:

- *Eurex:* New clearing infrastructure and clearing OTC derivatives;
- *Eurex:* Further improvements for OptimISE and Risk Engine;
- *Eurex:* New release for CCP securities lending, T2S CCP and Rappidd T7;
- *Eurex:* Trading and Clearing of power and gas products;
- *Eurex/Clearstream:* Expansion of liquidity and risk management hub; and
- *Clearstream:* Cross-border settlement of securities (T2S) and investment funds.

The Deutsche Börse Group expects to finance these investments primarily through its cash-flows. None of these investments could be finalised in the current financial year.

Planned Investments

Under its 2016 investment budget, the Deutsche Börse Group intends to invest approximately 32 per cent. of its investment budget in IT infrastructure, 7 per cent. in building improvements and 61 per cent. in software releases. In addition to the ongoing projects, the following key investment projects are planned in Europe:

- *Xetra:* Migration of Cash Trading to new group wide technical landscape;
- *Eurex:* Trading and Clearing of FX-products; and
- *MD+S:* Globalisation of index business.

Deutsche Börse Group expects to finance these investments primarily through its cash flows.

Material Contracts

For a description of the material contracts of the Deutsche Börse Group, see paragraph 15.2 "*Material Contracts of the Deutsche Börse Group"* of Part 24: "*Additional Information*".

Debt instruments

For a description of certain of Deutsche Börse AG's outstanding debt instruments, see Part 14: "*Operating and Financial Review of the Deutsche Börse Group—Quantitative and Qualitative Disclosure of Financial Risk—Bonds issued by Deutsche Börse AG*" and "*Operating and Financial Review of the Deutsche Börse Group—Quantitative and Qualitative Disclosure of Financial Risk—Commercial Paper issued by Deutsche Börse AG*".

Insurance

As a risk mitigation measure, Deutsche Börse AG has entered into a group-wide insurance portfolio. Various insurance policies with reputable insurance carriers are contracted, which include among others: comprehensive crime and professional liability insurance, criminal proceedings insurance, premises and transport insurance, property insurance, terror coverage insurance, general and environmental liability insurance, employment practices liability insurances, workers compensation and employers' liability. Additionally, Deutsche Börse AG has subscribed to various specific employee benefit insurance policies, including life, accident and assistance policies.

A directors' and officers' liability insurance policy ("**D&O**") is in force to cover members of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board. It also captures all of their other mandates within the Deutsche Börse Group entities. This D&O has a sub-limit for outside directorship liability exposures. In accordance with their standard terms and with market practice, a number of insurance policies are entered into on a yearly basis and thus expire at the end of each December or March. This includes for example the D&O liability insurance policy, the comprehensive crime and professional liability insurance policy and the premises and transport insurance policy.

Deutsche Börse AG's insurance portfolio aims to reduce Deutsche Börse AG's worldwide risks and comprises master and/or primary underlying policies in line with "non admitted" regulations as applicable in the different countries Deutsche Börse AG is operating. Deutsche Börse AG believes that its exposures are appropriately covered with regard to the nature of its business activities as well as the related risks in the context of the available insurance offerings. However, it is impossible to exclude the possibility that Deutsche Börse AG will incur damages that are not covered by insurance policies or that exceed the coverage limits of these insurance policies. Moreover, there can be no guarantee that it will be possible for Deutsche Börse AG to obtain adequate insurance coverage in the future.

Certain Relationships and Related-Party Transactions

Related parties, as defined by IAS 24, include members of Deutsche Börse AG's executive bodies, companies classified as its associates, other investors and investees, and companies that are controlled or significantly influenced by members of Deutsche Börse AG's executive bodies.

The following table shows transactions entered into with companies classified as related parties for the years ended 31 December 2015, 2014 and 2013. From 1 January 2016 to 31 March 2016, all related party transactions occurred in relation to Deutsche Börse AG's general business activities. As at 31 March 2016, there were no significant changes to the sum of the outstanding balances.

	Amount of the transactions revenues as at 31 December			**Amount of the transactions expenses as at 31 December**		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
			(€ million)			
Associates	14.0	10.0	16.0	(9.5)	(9.2)	(12.7)
Joint Ventures	0.2	0.0	0.0	0.0	0.0	0.0
Other Shareholdings	0.0	0.0	0.0	(1.2)	0.0	0.0
Total sum of business transactions	**14.2**	**10.0**	**16.0**	**(10.7)**	**(9.2)**	**(12.7)**

	Outstanding balances receivables as at 31 December			Outstanding balances liabilities as at 31 December		
	2015	2014	2013	2015	2014	2013
	(€ million)					
Associates	4.7	2.1	3.2	(0.6)	(1.5)	(1.6)
Joint Ventures	0.0	0.0	0.0	0.0	0.0	0.0
Other Shareholdings	0.0	0.0	0.0	(1.2)	0.0	0.0
Total sum of business transactions	**4.7**	**2.1**	**3.2**	**(1.8)**	**(1.5)**	**(1.6)**

In 2015, European Commodity Clearing Luxembourg S.à.r.L. paid approximately €60,000 for management services under a managing director agreement with ffp Conseils SARL to pmi Beratung GmbH.

German Corporate Governance Code

Deutsche Börse AG complies with the provisions of the German Corporate Governance Code as adopted by the "Regierungskommission Deutscher Corporate Governance Kodex" in February 2002 and last amended on 5 May 2015 (the "**German Corporate Governance Code**"), save as disclosed below. According to the declaration of conformity by the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board dated 8 December 2015, Deutsche Börse AG deviates from the German Corporate Governance Code in respect of the following recommendations:

Agreement of severance payment caps when concluding Deutsche Börse Management Board contracts (no. 4.2.3 (5) of the German Corporate Governance Code)

Severance payment caps agreed upon in all current contracts with the members of the Deutsche Börse Management Board complied and will continue to comply with the recommendation no. 4.2.3 (5) of the German Corporate Governance Code. As in the past, however, the Deutsche Börse Supervisory Board reserves the right to deviate from no. 4.2.3 (5) of the German Corporate Governance Code in the future under certain circumstances. The Deutsche Börse Supervisory Board is of the opinion that a deviation may become necessary in extraordinary cases.

Cap on total amount of compensations (no. 4.2.3 (2) (sentence 6) of the German Corporate Governance Code) and disclosure in the compensation report (no. 4.2.5 (3) of the German Corporate Governance Code)

No. 4.2.3 (2) (sentence 6) of the German Corporate Governance Code recommends that the amount of management compensation shall be capped, both overall and for individual components. In the future, Deutsche Börse AG will deviate from this recommendation.

Effective as of 1 January 2016, a new compensation system was implemented, *inter alia*, for the Deutsche Börse Management Board. Within the framework of this new compensation system, the long-term variable compensation elements are share-based. Even though the new compensation system provides for a cap in relation to the number of shares which are allocated to the members of the Deutsche Börse Management Board, no cap is foreseen on the maximum achievable bonus amount as the development of the share price remains uncapped. In the opinion of the Deutsche Börse Supervisory Board, a cap on the achievable amount would be inconsistent with the rationale of a share-based compensation system which aims to achieve an adequate participation in the economic risks and chances of the company by the members of the Deutsche Börse Management Board.

No. 4.2.5 (3) (subitem 1) of the German Corporate Governance Code recommends, *inter alia*, to present the maximum achievable compensation for variable compensation components for financial years starting after 31 December 2013. As there will be no cap in relation to the share-based variable compensation components, the maximum achievable compensation cannot be presented as recommended in no. 4.2.5 (3) (subitem 1) of the German Corporate Governance Code. Therefore, the deviation from the German Corporate Governance Code results from the fact that there is no cap on the maximum achievable compensation.

Share Capital and Shareholder Structure

Deutsche Börse AG is registered as a German stock corporation (*Aktiengesellschaft*) with the commercial register of the Local Court (*Amtsgericht*) of Frankfurt am Main under the commercial register number

HRB 32232 with its registered seat in Frankfurt am Main and business address in Mergenthalerallee 61, 65760 Eschborn, Germany (+49 (0) 692110).

Share Capital

Deutsche Börse AG's current share capital is €193,000,000.00 divided into 193,000,000 registered ordinary shares with no par value. There are no other classes of shares and there are no non-voting shares.

Deutsche Börse AG's shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange and, simultaneously, in the sub-segment thereof with additional post-admission obligations (Prime Standard).

Subject to the agreement of the Deutsche Börse Supervisory Board, the Deutsche Börse Management Board is entitled to increase the subscribed share capital by the following amounts and corporate actions:

	Amount in €	Date of authorisation by the shareholders	Expiry date	Existing shareholders' pre-emptive rights may be excluded for fractioning and/or may be excluded if the share issue is:
Authorised capital I[(1)]	13,300,000	11 May 2016	10 May 2021	• no exclusion
Authorised capital II[(1)]	19,300,000	13 May 2015	12 May 2020	• in cash capital increases if the issue price is not significantly lower than the stock exchange price and up to a maximum amount of 10 per cent. of the nominal capital • in capital increases against contribution in kind for the purpose of acquiring companies, parts of companies, interests in companies, or other assets.
Authorised capital III[(1)]	38,600,000	13 May 2015	12 May 2020	• no exclusion
Authorised capital IV	6,000,000	16 May 2012	15 May 2017	• for the issuance of up to 900,000 new shares per year to Executive Board members and employees of the company, as well as to the management and employees of affiliated companies within the meaning of sections 15 *et seq.* AktG.

Note:

(1) Shares may only be issued provided that the aggregate amount of the newly issued shares, excluding shareholders' pre-emptive rights, during the term of the authorisation (including under other authorisations) does not exceed 20 per cent. of the issued share capital.

	Amount in €	Date of authorisation by the shareholders	Expiry date	Purpose of the capital increase:
Contingent capital	19,300,000	15 May 2014	14 May 2019	(i) only for the exercise of option / conversion rights or the satisfaction of such obligations or (ii) to the extent shares are tendered and no other means of performance are used to service such rights or obligations

Shareholder Structure

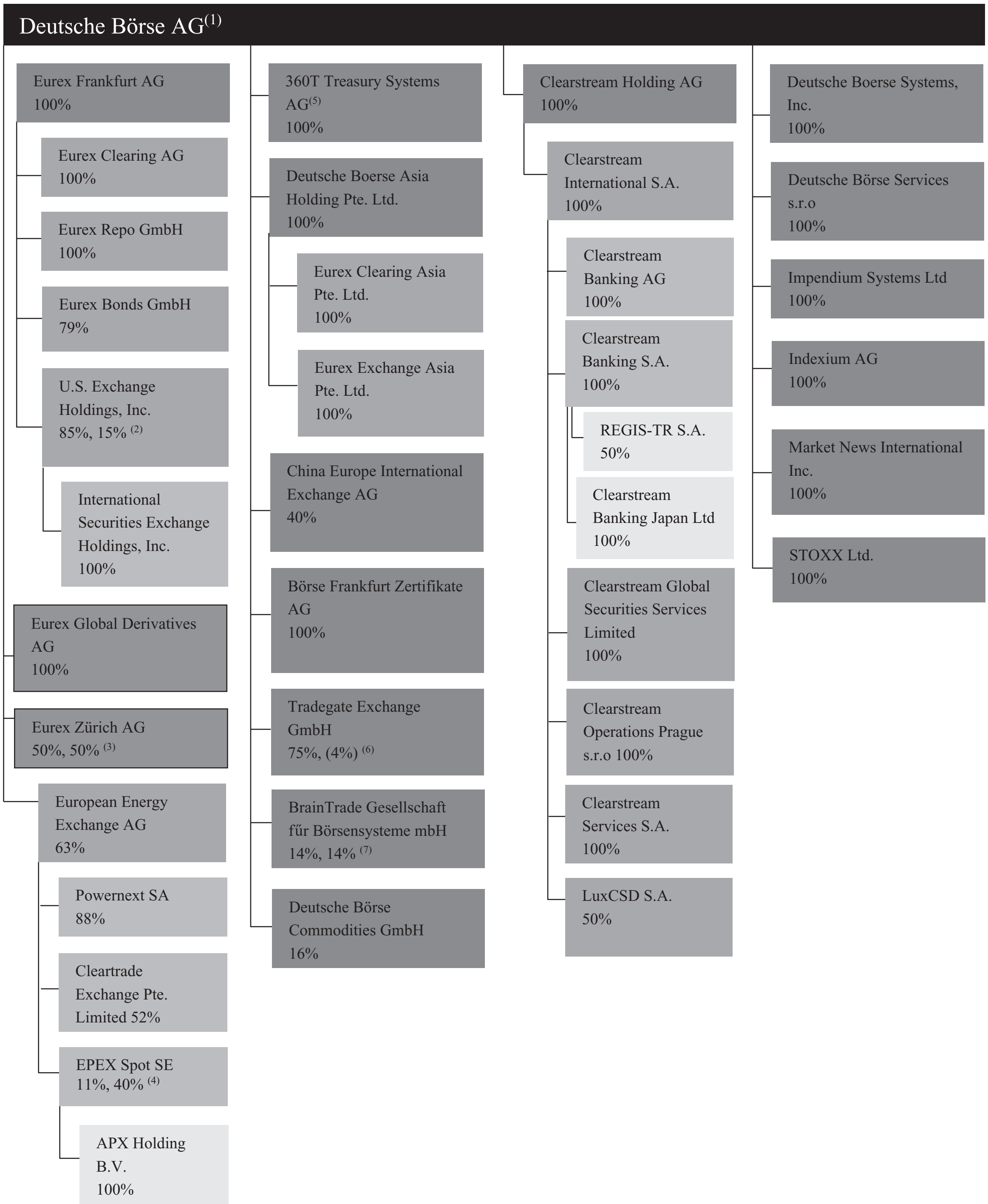
Out of Deutsche Börse AG's 193,000,000 issued shares, 6,276,014 are held in treasury by Deutsche Börse AG, with 186,723,986 shares currently outstanding. As of 31 December 2015, institutional investors held approximately 95 per cent. of all outstanding Deutsche Börse Shares. The remaining shares were held by private investors.

The following table sets out the amount and percentage of voting rights in Deutsche Börse AG's share capital attributable to principal shareholders as disclosed by such shareholders in accordance with Sections 21 et seq. of the German Securities Trading Act:

	Publication date	Voting rights					
		Directly held		Attributed		Total	
		(%)		(%)		(%)	
Shareholder							
Mr Eric R. Colson, Charles J. Daley, Gregory K. Ramirez	7 March 2016	—	—	3.21	6,188,272	3.21	6,188,272
Jupiter Fund Management plc UK London, UK	3 February 2016	—	—	3.07	5,929,315	3.07	5,929,315
BlackRock, Inc. Wilmington, DE, USA	7 December 2015	—	—	5.64	10,890,057	5.64	10,890,057
Invesco Limited, Hamilton, Bermuda	11 June 2015	—	—	5.02	9,696,489	5.02	9,696,489
Invesco Advisors Inc., Wilmington, DE, USA	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco Group Services Inc., Wilmington, DE, USA	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco Holding Company Limited, Henley, Oxon, UK	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco Management Group Inc., Wilmington, DE, USA	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco North American Holdings Inc., Wilmington, DE, USA	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
IVZ UK Limited, Henley, Oxon, UK.	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
IVZ Inc., Wilmington, DE, USA ...	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518

Corporate Structure

The Deutsche Börse Group is comprised of Deutsche Börse AG and its subsidiaries. The following illustration provides an overview of Deutsche Börse AG's simplified shareholding structure as at 1 May 2016.



(1) Simplified presentation of main shareholdings (rounded values) as at 27 May 2016

(2) Direct equity interest Eurex Frankfurt AG: 85%, direct equity interest Deutsche Börse AG: 15%

(3) Direct equity interest Deutsche Börse AG: 50%, direct equity interest Eurex Global Derivatives AG: 50%

(4) Direct equity interest European Energy Exchange AG: 11%, direct equity interest Powernext SA: 40%

(5) 100% indirectly held through 360T Beteiligungs GmbH and 360T Verwaltungs GmbH

(6) Direct equity interest Deutsche Börse AG: 75%, equity interest of 4%, which is held indirectly via Tradegate AG Wertpapierhandelsbank

(7) Direct equity interest Deutsche Börse AG: 14%, direct equity interest Börse Frankfurt Zertifikate AG: 14%.

Supervisory Board and Management Board

Deutsche Börse AG has a two-tier governance structure with a supervisory board, composed of non-executive members, and a management board, composed of Deutsche Börse AG's senior executive officers.

Deutsche Börse Supervisory Board

The Deutsche Börse Supervisory Board appoints, supervises and advises the Deutsche Börse Management Board and is directly involved in key decisions affecting the Deutsche Börse Group. Members of the Deutsche Börse Supervisory Board are appointed for a period of approximately three years, subject to a shorter term upon election. The Deutsche Börse Supervisory Board currently consists of 12 members and, due to the number of employees of the Deutsche Börse Group, is subject to a one-third co-determination regime (which requires one-third of the members of the supervisory board at a given time to have been appointed by the employees).

The following table sets out the members of the Deutsche Börse Supervisory Board as at 27 May 2016 (being the Latest Practicable Date).

Name	Board Position
Joachim Faber	Chairman
Richard Berliand	Deputy Chairman
Karl-Heinz Flöther	Member
Marion Fornoff	Staff member
Hans-Peter Gabe	Staff member
Craig Heimark	Member
Monica Mächler	Member
Ann-Kristin Achleitner	Member
Erhard Schipporeit	Member
Jutta Stuhlfauth	Staff member
Johannes Witt	Staff member
Amy Yip	Member

The business address of each of the members of the Deutsche Börse Supervisory Board is Mergenthalerallee 61, 65760 Eschborn, Germany.

The composition of the Deutsche Börse Supervisory Board is currently subject to so-called status proceedings (*Statusverfahren*) before the Higher Regional Court of Frankfurt am Main. These proceedings were initiated by one of Deutsche Börse AG's shareholders in order to assess whether the Deutsche Börse Supervisory Board is properly constituted pursuant to the applicable co-determination regime. Deutsche Börse AG takes the view that the Deutsche Börse Supervisory Board is constituted as required by law and, therefore, the status proceedings will have no prospect of success. Deutsche Börse AG currently expects the court to issue a final decision in this matter or, alternatively, an intermediate procedural order regarding the further course of the status proceedings shortly.

Deutsche Börse Management Board

The Deutsche Börse Management Board is responsible for managing the Deutsche Börse Group and the implementation of its business strategy. Activities of the Deutsche Börse Management Board's members are coordinated by the Chief Executive Officer. The Deutsche Börse Management Board currently consists of five members. As at 30 April 2016, each member of the Deutsche Börse Management Board had its business address in such capacity at Mergenthalerallee 61, 65760 Eschborn, Germany.

The table below sets out the members of the Deutsche Börse Management Board as at 27 May 2016 (being the Latest Practicable Date).

Name	Current Position and Responsibility
Carsten Kengeter	Chief Executive Officer
Andreas Preuss	Deputy Chief Executive Officer (responsible for IT & Operations, Data & New Asset Classes)
Gregor Pottmeyer	Chief Financial Officer
Hauke Stars	(responsible for Cash Market, Pre-IPO and Growth Financing)
Jeffrey Tessler	(responsible for Clients, Products and Core Markets)

Profiles of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board

Carsten Kengeter

See Part 11: *"HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance—The current HoldCo Board and the current HoldCo Directors—Profiles of the current HoldCo Directors"*.

Andreas Preuss

Andreas Preuss has served as a member of the Deutsche Börse Management Board since 2006 and has been its Deputy Chief Executive Officer since 2008. Since 2016 Andreas has been responsible for IT and Operations, Data and New Asset Classes. Since 2006 Andreas has held a number of executive positions within the Deutsche Börse Group, including as Chairman of the Management Board of Eurex Deutschland and Chief Executive Officer of Eurex Frankfurt AG between 2006 and 2015, as Chief Executive Officer of Eurex Zurich AG between 2006 and 2016 and as Chief Executive Officer of Eurex Clearing AG between 2006 and 2013. From 2013 to 2014 Andreas was a member of the Management Board of Eurex Clearing AG.

Gregor Pottmeyer

Gregor Pottmeyer is Chief Financial Officer of Deutsche Börse AG and has been a member of the Deutsche Börse Management Board since 2009. Before that, Gregor served as a member of the Executive Board of Mercedes Benz Bank AG from 2008 to 2009 and as a member of the Executive Board of DaimlerChrysler Bank AG from 2002 to 2007.

Hauke Stars

Hauke Stars has been a member of the Deutsche Börse Management Board since 2012. From 2012 to 2015 she was responsible for the Information Technology and Market Data and Service Division and since 2016 has been responsible for Cash Market, Pre-IPO and Growth Financing. Before joining Deutsche Börse AG, Hauke occupied several positions at Hewlett Packard, starting as Director of Technology Solutions Group and member of the Country Management Board of Hewlett Packard Netherlands B.V, and becoming the Managing Director of Hewlett Packard Switzerland GmbH.

Jeffrey Tessler

Jeffrey Tessler has been a member of the Deutsche Börse Management Board since 2004. Between 2004 and 2015 Jeffrey was responsible for the Clearstream Division and since 2016, Jeffrey has been responsible for Clients, Products and Core Markets. Between 2004 and 2015, he served as Chief Executive Officer and Chairman of the Group Executive Management of Clearstream International S.A. as well as Chief Executive Officer and Chairman of the Group Executive Management of Clearstream Banking S.A. From 2008 to 2015, he was also Chief Executive Officer of Clearstream Holding AG.

Joachim Faber

See Part 11: *"HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance—The composition of the HoldCo Board following Completion—Profiles of the Proposed Directors"*.

Richard Berliand

See Part 11: *"HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance—The composition of the HoldCo Board following Completion—Profiles of the Proposed Directors"*.

Erhard Schipporeit

See Part 11: *"HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance—The composition of the HoldCo Board following Completion—Profiles of the Proposed Directors".*

Karl-Heinz Flöther

See Part 11: *"HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance—The composition of the HoldCo Board following Completion—Profiles of the Proposed Directors".*

Amy Yip

See Part 11: *"HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance—The composition of the HoldCo Board following Completion—Profiles of the Proposed Directors".*

Craig Heimark

Craig Heimark is currently Managing Partner of Hawthorne Group LLC and has been a member of the Deutsche Börse Supervisory Board since October 2005. Between 1979 and 1986 Craig was a floor trader at Chicago Board Options Exchange, following which he was General Partner at O'Connor and Associates between 1986 and 1993. From 1990 to 1997 Craig was a member of the executive board and CIO of SBC Warburg.

Marion Fornoff

Marian Fornoff has been a member of the Deutsche Börse Supervisory Board since May 2012. Marion is an employee of Deutsche Börse AG in the HR Europe & US section, having commenced employment with Deutsche Börse AG in 1991 as Head of Area Personnel.

Hans-Peter Gabe

Hans-Peter Gabe has been a member of the Deutsche Börse Supervisory Board since May 1997. Hans-Peter is an employee of Deutsche Börse AG in the HR Compensation, Workforce & Talent Management section, having commenced employment in 1986. Hans-Peter is a member of Deutsche Börse AG's works council.

Monica Mächler

Monica Mächler has been a member of the Deutsche Börse Supervisory Board since May 2012 and prior to that was Vice Chair of the Board of Directors of the Swiss Financial Market Supervisory Authority FINMA between 2009 and 2012. Between 1999 and 2006 Monica held various positions at Zurich Insurance Group Ltd. She was a member of the Group Management Board between 2001 and 2006 and between 1999 and 2006 was its Group General Counsel and Head of the Secretariat of the Board of Directors.

Ann-Kristin Achleitner

See Part 11: "HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance—The composition of the HoldCo Board following Completion—Profiles of the Proposed Directors".

Jutta Stuhlfauth

Jutta Stuhlfauth has been a member of the Deutsche Börse Supervisory Board since May 2012. Jutta commenced her professional career with the Deutsche Börse Group in 1991 and held various positions until 2004. Before rejoining Deutsche Börse Group, Jutta was a Capital Markets Expert for the Federal Ministry of Finance in Berlin between 2004 and 2007. Since 2007 Jutta has been employed by Deutsche Börse AG as its Head of Policies & Procedures.

Johannes Witt

Johannes Witt has been a member of the Deutsche Börse Supervisory Board since May 1997. Johannes is also currently employed by Deutsche Börse AG in the Financial Accounting & Controlling Department, having commenced employment with Deutsche Börse AG in 1990. Johannes is a member of Deutsche Börse AG's works council.

***Remuneration of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board*[1]**

In addition to the options and awards under the Deutsche Börse Share Plans, the aggregate remuneration (including any contingent or deferred compensation) paid, and benefits (including benefits in kind) granted to members of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board during the financial year ended 31 December 2015 for services in their capacity as directors of the Deutsche Börse Group (excluding Carsten Kengeter whose remuneration is disclosed in paragraph 11 of Part 24: "*Additional Information—Directors' remuneration*") was €11,555,700. Thereof an amount of €10,039,400 was attributable to the members of the Deutsche Börse Management Board (excluding Carsten Kengeter's remuneration). The aggregated remuneration of the members of the Deutsche Börse Supervisory Board amounted to €1,516,300.

Current and previous directorships and partnerships of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board

Save as set out below, and, in respect of Carsten Kengeter and Joachim Faber, in paragraph 7 of Part 24: "*Additional Information*" none of the members of the Deutsche Börse Management Board or the Deutsche Börse Supervisory Board hold any directorships of any company nor have any of the members of the Deutsche Börse Management Board or the Deutsche Börse Supervisory Board been a partner in a partnership or a director of a company at any time in the five years prior to the date of this document.

Name of Deutsche Börse Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Andreas Preuss	• Member of the Deutsche Börse Management Board • Chairman of the Supervisory Board of 360 Treasury Systems AG • Member of the Supervisory Board of Clearstream Holding AG • Member of the Board of Directors of Clearstream Services S.A. • Member of the Board of Directors of International Securities Exchange LLC • Member of the Board of Directors of International Securities Exchange Holdings Inc. • Member of the Board of Directors of ISE Gemini LLC • Member of the Board of Directors of ISE Mercury LLC • Member of the Advisory Board of Directors of International Options Market Association • Member of the Board of Directors of World Federation of Exchanges.	• Member of the Management Board of Eurex Clearing AG • Chief Executive Officer of Eurex Zurich AG • Chairman of the Management Board of Eurex Deutschland and Chief Executive Officer of Eurex Frankfurt AG • Chairman of the Management Board of FWB Frankfurter Wertpapierborse • Chief Executive Officer of Eurex Clearing AG • Member of the Executive Board of Eurex Clearing AG

[1] For the Deutsche Börse Supervisory Board Members who are also employees of the Deutsche Börse Group, the only remuneration included in the disclosed figure is the fees payable in respect of their appointment to the Deutsche Börse Supervisory Board.

Name of Deutsche Börse Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Gregor Pottmeyer	• Member of the Deutsche Börse Management Board • Deputy Chairman of the Supervisory Board of Clearstream Holding AG • Deputy Chairman of the Supervisory Board of Eurex Clearing AG • Deputy Chairman of the Board of Directors of Clearstream Banking S.A. • Deputy Chairman of the Board of Directors of Clearstream International S.A. • Member of the Executive Board of Frankfurt Main Finance e.V.	
Hauke Stars	• Member of the Deutsche Börse Management Board • Member of the Supervisory Board of Eurex Frankfurt AG • Member of the Supervisory Board and Member of the Nomination Committee and the Presidial Committee of GfK SE • Member of the Supervisory Board of Klöckner & Co SE • Member of the Board of Directors of Eurex Zurich AG • Member of the Regional Advisory council of Deutsche Bank AG • Member of the Executive Board of Deutsches Aktieninstitut e.V. • Member of the Senate of the National Academy of Science and Engineering	• Managing Director Switzerland and Country Manager Enterprise Business of Hewlett Packard Switzerland GmbH

Name of Deutsche Börse Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Jeffrey Tessler	• Member of the Deutsche Börse Management Board • Member of the Supervisory Board of China Europe International Exchange AG • Chairman of the Supervisory Board of Clearstream Banking AG • Chairman of the Supervisory Board of Clearstream Holding AG • Member of the Supervisory Board of Eurex Clearing AG • Member of the Supervisory Board of Eurex Frankfurt AG • Chairman of the Board of Directors of Clearstream Banking S.A. • Chairman of the Board of Directors of Clearstream International S.A. • Chairman of the Board of Directors of Clearstream Services S.A. • Member of the Board of Directors of Eurex Zurich AG • Member of the Board of Directors of International Securities Exchange LLC • Member of the Board of Directors of ISE Gemini LLC • Member of the Board of Directors of ISE Mercury LLC • Chairman of the Board of Directors of REGIS TR S.A. • Member of the Board of Directors of ABBL—Association des Banques et Banquiers, Luxembourg	• Chief Executive Officer of Clearstream Holding AG • Chief Executive Officer and Chairman of the Group Executive Management of Clearstream Banking S.A. • Chief Executive Officer and Chairman of the Group Executive Management of Clearstream International S.A.

Name of Deutsche Börse Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Richard Berliand	• Chairman of the Management Committee, Renshaw Bay LLP • Management Consultant—Executive Director of Richard Berliand Limited • Member of the Supervisory Board of Eurex Frankfurt AG, Frankfurt/Main • Member of the Board of Directors of Earth-i Ltd., Guildford • Member of the Board of Directors of Eurex Zürich AG, Zurich • Chairman of the Board of Directors of ITRS Group Limited • Director of London Wine Agencies • Member of the Board of Directors of Mako Europe Ltd • Member of the Board of Directors of Man Group plc • Member of the Board of Directors of Rothesay Assurance Limited • Member of the Board of Directors of Rothesay Life Holdco UK Limited • Member of the Board of Directors of Rothesay Life plc	• Managing Director of J.P. Morgan Chase & Co
Karl-Heinz Flöther	• Member of the Board of Directors of Commerzbank Aktiengesellschaft	• International Chairman of Accenture • Chief Strategy & Corporate Development Officer of Accenture
Marion Fornoff	None	None
Hans-Peter Gabe	None	None
Craig Heimark	• Managing Partner of Hawthorne Group LLC, Palo Alto • Member of the Board of Directors of Cohesive Flexible Technologies Corporation	None

Name of Deutsche Börse Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Monica Mächler	• Member of the Board of Directors of Cembra Money Bank AG, Zurich • Member of the Board of Directors of Zurich Insurance Group Ltd, Zurich • Member of the Board of Directors of Zurich Insurance Company Ltd	• Vice Chair of the Board of Directors of the Swiss Financial Market Supervisory Authority FINMA
Erhard Schipporeit	• Member of the Supervisory Board of BDO AG • Member of the Supervisory Board of Fuchs Petrolub SE, Mannheim • Member of the Supervisory Board of Hannover Rück SE, Hanover • Member of the Supervisory Board of RWE AG, Essen • Member of the Supervisory Board of SAP SE, Walldorf • Member of the Supervisory Board of Talanx AG, Hanover	• Member of the Board of Management and Chief Financial Officer, E.ON AG
Jutta Stuhlfauth	None	None
Johannes Witt	None	None
Amy Yip	• Executive Director of Vitagreen, Hong Kong • Member of the Board of Directors of AIG Insurance Hong Kong Limited • Member of the Board of Directors of Temenos Group AG • Member of the Advisory Board of the Commission on Strategic Development, Advisory Board to the Central Policy Unit, Hong Kong Special Administrative Region	None

Name of Deutsche Börse Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Ann-Kristin Achleitner	• Member of the Supervisory Board of Linde AG • Member of the Supervisory Board of Münchener Rückversicherungs-Gesellschaft AG, Munich • Member of the Supervisory of Metro AG, Düsseldorf • Member of the Board of Directors of ENGIE SA, La Défense.	• Vontobel Holding AG, Bank Vontobel AG, Member of the Board of Directors • Spine Welding AG (privately held)

Shareholdings of the members of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board

The following table sets forth information concerning ownership of Deutsche Börse Shares by members of the Deutsche Börse Supervisory Board and the Deutsche Börse Management Board as at 27 May 2016 (being the Latest Practicable Date). In accordance with Section 15a of the German Securities Trading Act (*Wertpapierhandelsgesetz*), the members of the Deutsche Börse Supervisory Board and the Deutsche Börse Management Board are obliged to disclose the purchase or sale of Deutsche Börse Shares and derivatives. Any transactions reported to Deutsche Börse AG in accordance with this requirement were duly published and can be found on the Deutsche Börse Group's Internet website at www.deutsche-boerse.com > Investor Relations > News and Services > Directors' Dealings.

	Number of Shares in Deutsche Börse AG held	Percentage of total Deutsche Börse AG share capital (%)
Members of the Deutsche Börse Supervisory Board		
Joachim Faber	7,555	0.00
Karl-Heinz Flöther	2,000	0.00
Marion Fornhoff	1,490	0.00
Hans-Peter Gabe	200	0.00
Jutta Stuhlfauth	427	0.00
Johannes Witt	300	0.00
Members of the Deutsche Börse Management Board		
Carsten Kengeter	60,000	0.03
Andreas Preuss	60	0.00

Legal and other Matters

(1) For a description of material proceedings involving the Deutsche Börse Group, please see Part 24: *"Additional Information—Litigation and arbitration proceedings—The Deutsche Börse Group"*.

(2) Deutsche Börse Group companies are currently party to, or are exposed to, a number of other legal proceedings which are not currently deemed to have significant effects on the financial position or profitability.

The following is a summary of such legal matters as at the date of this document:

*Peterson v. Clearstream Banking, S.A., Citibank NA et al. ("**Peterson I**") and Heiser vs Clearstream Banking S.A.*

In 2013, Deutsche Börse Group informed about a lawsuit, Peterson vs Clearstream Banking S.A., the first Peterson proceeding, initiated by various plaintiffs seeking turnover of certain customer positions held in Clearstream Banking S.A.'s securities omnibus account with its U.S. depository bank, Citibank NA, and asserting direct claims against Clearstream Banking S.A. for damages of U.S.$250 million.

That matter was settled between Clearstream Banking S.A. and the plaintiffs and the direct claims against Clearstream Banking S.A. were abandoned.

In July 2013, the U.S. court ordered turnover of the customer positions to the plaintiffs, ruling that these were owned by Bank Markazi, the Iranian central bank. Bank Markazi appealed, and the decision was affirmed on 9 July 2014 by the Court of Appeals, and then by the U.S. Supreme Court on 20 April 2016. Once the process of distribution of funds to the plaintiffs is complete, a related case, Heiser vs Clearstream Banking S.A., also seeking turnover of the same assets, should be dismissed.

*Peterson vs Clearstream Banking S.A. ("**Peterson II**")*

On 30 December 2013, a number of U.S. plaintiffs from Peterson I, as well as other U.S. plaintiffs, filed a complaint targeting restitution of certain blocked assets that Clearstream Banking S.A. holds as a custodian in Luxembourg. In 2014, the defendants in this action, including Clearstream Banking S.A., moved to dismiss the case. On 19 February 2015, the U.S. court issued a decision granting the defendants' motions and dismissing the lawsuit. On 6 March 2015, the plaintiffs appealed the decision to the Second Circuit Court of Appeals, and a hearing is expected to be scheduled in June 2016.

Dispute between MBB Clean Energy AG and end investors

A dispute has arisen between MBB Clean Energy AG ("**MBB**"), the issuer of a bond eligible in CBF, and end investors. MBB issued a first tranche of the bond in April 2013 and a second tranche of the bond in December 2013. The global certificates for the two tranches of the bond were delivered into CBF by the paying agent of the issuer. The dispute relates to the non-payment of the second tranche of the bond with a nominal value of €500 million and the purported lack of validity of the bond. CBF's role in the dispute on the purported lack of validity of the MBB Clean Energy AG bond is primarily to safekeep the global note, deposited by the paying agent of the issuer, as national central securities depository. At this stage, it is unclear if and to what extent potential damages exist and if so who would ultimately be responsible. Provisional insolvency proceedings have meanwhile been opened in respect of the issuer, MBB Clean Energy AG.

(3) Deutsche Börse Group companies have received a request for information from the Hessian Authority. The following is a summary of such request as at the date of this document:

On 16 March 2016, HoldCo has informed the Hessian Authority of its intention to acquire an indirect qualifying holding in Deutsche Börse, Börse Frankfurt Zertifikate AG and Eurex Frankfurt AG. Thereupon, Deutsche Börse received a request for information from the Hessian Authority including various questions on the intentions of Deutsche Börse with respect to the Merger as well its implications on their license to operate the Frankfurt Stock Exchange. This request for information shall enable the supervisory authority to assess whether the prerequisites of the law and the exchange license for an unconditional preservation of Deutsche Börse's exchange license are still fulfilled after the acquisition of an interest in Deutsche Börse by HoldCo in the magnitude provided for by the Exchange Offer. Answers to the questionnaire are currently being drafted and will be submitted to the regulator shortly.

PART 8—INFORMATION ON LSEG

Investors should read this Part 8 of this document in conjunction with the more detailed information contained in this document, including the financial and other information appearing in Part 16: "Operating and Financial Review of LSEG". Financial information in this Part 8 of this document has been extracted from Part 20: "Historical Financial Information of LSEG plc".

Overview

LSEG is a diversified international markets infrastructure and capital markets business. LSEG plc operates four main business divisions: Capital Markets, Post Trade Services, Information Services and Technology Services.

LSEG's Capital Markets division comprises a broad range of international equity, bond and derivatives markets, including: London Stock Exchange; Borsa Italiana; MTS, one of Europe's leading fixed-income markets; Turquoise, a pan-European multilateral trading facility ("**MTF**") and the AIM, one of the world's leading growth markets for small and medium enterprises ("**SME**"). LSEG plc also recently announced the launch of CurveGlobal, a new interest rate derivatives trading venture with a number of major dealer banks and the Chicago Board Options Exchange. Through its various platforms, LSEG plc offers international businesses and investors unrivalled access to Europe's capital markets.

Post trade and risk management services are a significant part of LSEG plc's business operations. In addition to LSEG plc's majority ownership of multi-asset global central counterparty ("**CCP**") operator, LCH, LSEG plc operates CC&G, the Italian clearing house; Monte Titoli S.p.A. ("**Monte Titoli**"), a European settlement business, selected as a first wave participant in TARGET2-Securities; and globeSettle S.A. ("**globeSettle**"), LSEG plc's newly established CSD based in Luxembourg.

LSEG plc is a global leader in indexing and analytic solutions. FTSE Russell offers thousands of indices that measure and benchmark markets around the world. LSEG plc also provides customers with an extensive range of real-time, reference data, news, software and regulatory reporting products, including SEDOL, UnaVista and RNS.

LSEG plc is also a leading developer and operator of high performance trading platforms, including trading, market surveillance and post trade systems for over 40 organisations and exchanges, including LSEG's own markets. Additional services include network connectivity, hosting and quality assurance testing. MillenniumIT, GATElab and Exactpro are among LSEG's technology companies. In addition to LSEG plc's own markets, over 35 other organisations and exchanges use LSEG plc's MillenniumIT Technologies Limited ("**MillenniumIT**") trading, surveillance and post trade technology.

Headquartered in London, with significant operations in North America, Italy, France and Sri Lanka, LSEG plc employs more than 3,500 people (excluding Russell Investments employees). LSEG Shares are admitted to the premium segment of the Official List and to trading on London Stock Exchange's regulated market. LSEG plc is a member of the FTSE 100 index (as defined in Part 26: "*Definitions*").

For the year ended 31 December 2015, income from LSEG plc's continuing operations was £1,418.6 million and revenue was £1,324.7 million. For the year ended 31 December 2015, LSEG plc's operating profit from continuing operations was £404.4 million and its adjusted operating profit (before acquisition amortisation and non-recurring items) from continuing operations was £584.7 million. Discontinued operations, including Russell Investments, contributed an additional £962.9 million in income and £960.7 million in revenue and £95.5 million of operating profit for the year ended 31 December 2015.

In 2014, LSEG plc changed its financial year end from 31 March to 31 December so that its audited financial results for 2014 were for the nine months ended 31 December 2014, but for comparative purposes has provided unaudited numbers for the 12 months ended 31 December 2014. For this period, total income from LSEG plc's continuing operations was £1,291.6 million and revenue from continuing operations was £1,194.2 million. For the 12 months ended 31 December 2014, LSEG plc's operating profit from continuing operations was £336.6 million and its adjusted operating profit (before acquisition amortisation and non-recurring items) from continuing operations was £545.4 million.

History and Development

The London Stock Exchange was originally constituted by deed of settlement in 1802 and 1875, as amended from time to time, prior to the adoption of modern memorandum and articles of association in

1991. The London Stock Exchange's recent corporate history commenced on 19 November 1986 when it was incorporated and registered in England and Wales, with registered number 2075721, as a private limited company under the Companies Act 1985 with the name The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. On 9 December 1995, The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited changed its name to The London Stock Exchange Limited. On 8 June 2000, The London Stock Exchange Limited was re-registered as a public limited company pursuant to section 43 of the Companies Act 1985 and changed its name to The London Stock Exchange plc. The London Stock Exchange plc became a listed company in July 2001.

The holding company of LSEG was incorporated and registered in England and Wales on 18 February 2005 under the Companies Act 1985 as a private company limited by shares with registered number 5369106 and with the name Milescreen Limited. On 16 November 2005, it changed its name to London Stock Exchange Group Limited. On 7 December 2005, it was re-registered as a public limited company pursuant to section 43 of the Companies Act 1985 and changed its name to London Stock Exchange Group plc. On 15 May 2006, London Stock Exchange Group plc became the holding company of London Stock Exchange plc pursuant to a scheme of arrangement made under section 425 of the Companies Act 1985 and replaced The London Stock Exchange as the listed entity. In 2007, LSEG plc became the holding company of Borsa Italiana. In 2011, LSEG plc completed the acquisition of the outstanding 50 per cent. of FTSE International Limited. In 2013, LSEG plc completed the acquisition of a majority stake in the global clearing house, LCH. In 2014, LSEG plc completed the acquisition of Frank Russell Company ("**Russell**").

LSEG plc announced the proposed sale of Russell's asset management business ("**Russell Investments**") on 8 October 2015. The transaction is expected to close shortly. The Russell Index business is in the process of being fully integrated with FTSE. FTSE Russell is the overall operating business for both index offerings.

The registered and head office of LSEG plc is 10 Paternoster Square, London, EC4M 7LS, United Kingdom. Its telephone number is +44 (0) 20 7797 1000. The principal legislation under which LSEG plc operates is the Companies Act 2006. LSEG plc has unlimited objects.

LSEG plc Business Divisions

Headquartered in London, with significant operations in North America, Italy, France and Sri Lanka, LSEG plc operates four main business divisions: Capital Markets, Post Trade Services, Information Services and Technology Services.

Capital Markets

LSEG plc's capital markets division provides access to capital for a wide range of domestic and international companies and market participants across both primary and secondary markets.

LSEG plc's capital markets division accounted for, on a continuing operations basis, 23 per cent. of LSEG's total income in the financial year ended 31 December 2015. The Capital Markets division accounted for 24 per cent. of LSEG plc's total income, on a continuing operations basis, in the three months ended 31 March 2016.

Primary Markets

LSEG plc's Primary Markets provide a choice of listed and quoted segments for issuers to raise capital in the manner most suitable to their individual financing needs and increase their ability to connect with a wide group of customers and investors. Issuers can list their securities for trading on LSEG plc's markets making them freely tradeable among the large pool of investors who connect directly and indirectly to LSEG plc's markets.

Recent years have seen:

- a seven year high in new issue activity in 2014, with 219 new companies with securities admitted to trading on LSEG plc's markets, compared to 169 in 2013. 176 new companies had securities admitted to trading on LSEG plc's markets in 2015.
- the amount of capital raised on LSEG plc's equity markets was £41.7 billion in 2015, £42.6 billion in 2014, and £30.4 billion in 2013.

As at 31 March 2016, there were 2,678 companies listed on LSEG plc's Primary Markets.

Revenues from the Primary Markets are derived from a fee for issuers seeking admission to the Primary Markets of the London Stock Exchange and Borsa Italiana. The fees are charged based on the issuer's market capitalisation at admission. Issuers of equity securities are subsequently subject to annual fees. On the London Stock Exchange, fees are also charged for companies carrying out further fundraisings once they are listed.

United Kingdom

In the UK, London Stock Exchange operates four Primary Markets:

- *Main Market:* London Stock Exchange's market for international and domestic businesses looking to access Europe's most liquid pool of capital. It is one of the world's most international markets for the listing and trading of public equity and debt. Main Market companies come from a broad range of sectors and vary widely in size, covering a spectrum from fledgling growth companies to global multinationals. In the year ended 31 December 2015, 88 companies joined the Main Market. As at 31 March 2016, 1,242 companies were listed on the Main Market.
- *AIM:* a market for smaller, growing companies launched in 1995. AIM's regulatory structure, tailored to the needs of SMEs, allows companies to quickly and cost-effectively raise capital at admission and through further fundraisings. As well as being geographically diverse and home to companies with operations in over 90 countries, AIM supports the financing needs of companies from more than 40 different sectors. In the year ended 31 December 2015, 61 companies joined AIM in the UK. The total number of companies listed on AIM as at 31 March 2016 was 1,019.
- *Professional Securities Market:* offers issuers the opportunity to list debt securities or depository receipts restricted to professional investors.
- *Specialist Fund Market:* a dedicated market for specialist closed ended investment funds targeting institutional, professional and knowledgable investors.

  In addition to the four Primary Markets described above, London Stock Exchange operates a route to market known as admission to trading only ("**ATT Only**"), which is selectively promoted to international issuers. ATT Only securities are admitted to trading on the basis of a listing of those securities on another stock exchange, which is a full member of the World Federation of Exchanges. This route is utilised by a company when, for regulatory or commercial reasons, it cannot or does not want to pursue a full listing in London.

  London Stock Exchange also admits debt securities onto its UK primary markets. Issuers of Sukuk Instruments are able to list Islamic bonds and admit them to either the Main Market or the Professional Securities Market.

  In the UK, London Stock Exchange also operates ORB, an electronic bond market for private investors, assisting issuers to raise debt capital from a range of investors, including retail investors. ORB saw 5 new bonds issued in 2015, raising £395 million, and had 173 bonds listed at the end of 2015.

Italy

In Italy, Borsa Italiana operates three Primary Markets:

- *MTA:* the Italian main market for domestic and international equity issued by companies that meet the best international standards.

  There are two further segments within MTA, Star and MTA International:

  - *STAR:* dedicated to companies with an entry capitalisation of less than €1 billion and which voluntarily adhere to and comply with strict transparency and disclosure requirements; high liquidity requirements; and corporate governance in line with international standards; and
  - *MTA International:* dedicated to the trading of shares of non-Italian issuers already listed in other EU regulated markets.
- *AIM Italia:* a market for SMEs with high growth potential. AIM Italia's regulatory structure is tailored to meet the needs of SMEs and allows these companies to efficiently raise capital at

admission and through further fundraisings. In the year ended 31 December 2015, 18 companies were admitted to AIM Italia.

- *MIV*: an electronic market providing capital, liquidity and visibility for retail and professional investors on a range of investment vehicles.

In addition to its equity Primary Markets, Borsa Italiana also operates:

- *ETFplus*—for exchange traded funds ("**ETFs**"), exchange traded commodities ("**ETCs**")/exchange traded notes ("**ETNs**") and open end funds;
- *SeDeX*—an electronic securitised derivatives market for covered warrants and certificates;
- *MOT*—an electronic bond market for government securities, domestic and international bank and corporate bonds, supranational securities and asset backed securities ("**ABSs**"); and
- *ExtraMOT*—a MTF for the trading of Eurobonds already listed on other EU regulated markets as well as branded bank bonds and debt securities mainly issued by Italian SMEs.

Additional information on trading activity on London Stock Exchange and Borsa Italiana on equity and fixed-income markets is provided in the relevant section below.

ELITE

LSEG's ELITE programme initially launched by Borsa Italiana in Italy and subsequently in the UK in April 2014 aims to facilitate access to capital markets and investors for SMEs and other companies and enhance their growth prospects. ELITE provides access to education, business support and supportive investors for its members who are drawn from a wide variety of sectors. LSEG plc has two initiatives under its ELITE offering:

(i) ELITE Growth Programme: Operated in Italy, the UK and other European countries, it aims to provide support to high quality European SMEs as they seek to issue equity or otherwise raise capital and potentially seek a listing on their local primary market. The number of members as at 31 December 2015 increased by over 50 per cent. from 209 members at the end of 2014 to 327 members from across 21 countries with an aggregate revenue of €30 billion per annum.

(ii) ELITE Connect: a social network for public companies, intermediaries and institutional investors. It enables participants to effectively engage in investor relations activity. For investors and intermediaries, the platform is an innovative marketing tool, allowing increased visibility and access to companies.

Secondary Markets

LSEG plc's Secondary Markets provide fast and efficient trading for:

- equities, via a range of reliable electronic trading systems, in an effective regulatory environment and with a high level of price and trade transparency;
- derivatives, through the Italian Derivatives Market ("**IDEM**") and Italian Derivatives Energy Exchange ("**IDEX**") markets in Italy and through London Stock Exchange Derivatives Markets in the UK (and with the launch of CurveGlobal having been announced in October 2015);
- fixed-income, through a range of electronic trading venues, including LSEG plc's majority owned subsidiaries, MTS and EuroTLX, and the Italian MOT business; and
- commodities, power and specialist products, through IDEM, IDEX and Agricultural Derivatives Exchange ("**AGREX**").

Revenue in the cash equities segment is principally derived from fees for execution on the electronic order books. In the UK, fees are based on value-traded; whereas in Italy, fees are based on volume of contracts-traded. Revenues are also generated from annual membership fees, reporting fees for trades carried out away from the order book and market maker security registration fees.

Equities trading

LSEG plc's equities trading business aims to provide the most suitable trading service according to the liquidity of an individual security and provides members with access to fast and efficient trade execution and reporting. LSEG plc's cash trading services are designed to deliver efficient trading price formation and execution services through reliable trading systems, effective regulation and a high level of price and trade transparency. Average daily value traded through LSEG plc's cash equities order-book was £4.9 billion in the year ended 31 December 2015.

LSEG plc offers the following trading services for equities trading:

- *SETS:* SETS is London Stock Exchange's flagship electronic order book trading FTSE100, FTSE250, FTSE Small Cap Index constituents, ETFs, exchange trading products as well as other liquid AIM, Irish and London Standard listed securities. London Stock Exchange also operates a version of SETS on a modified trading cycle that supports securitised derivatives. Functionally-rich with multiple order types and market maker support, SETS is one of the most liquid electronic order books in Europe.
- *SETSqx:* SETSqx is a trading platform for securities less liquid than those traded on SETS. SETSqx combines a periodic electronic auction book with standalone non-electronic quote driven market making.
- *SEAQ:* London Stock Exchange's non-electronically executable quotation service that allows market makers to quote prices in AIM securities not traded on SETS or SETSqx and some fixed-income securities.
- *International Order Book ("**IOB**"):* IOB enables investors to unlock the potential of some of the world's fast growing markets through a single central electronic order book in U.S. dollars. It offers easy and cost-efficient direct access to securities via depository receipts from 40 countries, including those in Central and Eastern Europe, Asia and the Middle East.
- *European Quoting Service ("**EQS**"):* EQS enables clients to meet their pre trade pan-European transparency obligations. EQS is a quote driven market making and trade reporting platform that supports all EU liquid securities (with the exception of those traded on SETS or SETSqx because they have a London listing or AIM admission).
- *European Trade Reporting:* ETR is a pan-European trade reporting service that supports EU Regulated Market Non-liquid and SIX Swiss Exchange equities (with the exception of those traded on SETS or SETSqx because they have a London listing or AIM admission).

Turquoise, LSEG plc's majority owned MTF, provides a range of markets for secondary trading of European and U.S. cash equities. Turquoise operates two cash markets:

- *Turquoise Integrated Order book:* a pan-European and U.S. "lit" secondary market for cash equity trading with full pre and post trade transparency; and
- *Turquoise Midpoint Dark Order book:* a pan-European "dark" secondary market matching at mid-point with immediate post trade transparency.

In 2014, Turquoise Block Discovery™ was launched and has been active from its first day. The service is designed to facilitate the trading of large block trades in a neutral passive environment.

Borsa Italiana operates the following trading services for equities trading:

- *MTA:* MTA is Borsa Italiana's electronic order book trading service for MTA securities with auctions, continuous trading phases and the presence of specialists to support liquidity according to market segments.
- *After hours market:* the after-hours market is an electronic order-driven market with only continuous trading and which is supported by a specialist (optional) for shares admitted to trading in regulated markets in Europe.
- *AIM Italia:* AIM Italia is an electronic order-driven trading service, with auctions and a continuous trading phase for AIM Italia securities.
- *MIV:* the Market for Investment Vehicles is a regulated market dedicated to investment vehicles, divided into four segments to reflect the varying instrument types:
    - Closed-end fund segment, where the units of closed-end funds are traded;
    - Investment companies segment, where shares of investment companies are traded;
    - Real estate investment companies ("**REIC**") segment, where shares of REICs are traded; and

    - Professional segment, for professional investors only, where special investment vehicles are traded.
- ETFplus
- SeDeX

Derivatives

LSEG's London Stock Exchange Derivatives Market platform ("**LSEDM**") offers member firms a leading international marketplace for options and futures. It includes securities traded on the International Order Book managed by the London Stock Exchange, and related Index and Dividend derivatives. LSEDM also operates a linked order book model with Oslo Børs to trade Norwegian index and single name derivatives, and offers trading of futures and options on the BIST 30 Index (the main index for the Turkish equity market operated by Borsa İstanbul A.Ş.), on UK shares and indices the FTSE 100 and FTSE UK Large Cap Super Liquid Index. These derivatives products are cleared by LCH. Trading facilities include:

- an onscreen market supported by market makers; and
- a trade reporting service where members can report trades in listed and tailor-made contracts.

IDEM is the derivatives market of Borsa Italiana, cleared by CC&G, and includes three segments: IDEM-Equity, IDEX and AGREX.

- *IDEM-Equity:* offers trading services for equity derivatives, including futures, mini-futures and options on the FTSE MIB index, futures products based on the FTSE MIB Dividend index, mini-futures on the FTSE 100 Index, as well as approximately 48 futures and approximately 66 options (including weeklies) on Italian single stocks and approximately 16 futures on pan-European single stocks, and approximately 25 pan-European single stock dividend futures.
- *IDEX:* offers trading services for yearly, quarterly and monthly power futures (baseload and peakload) based on the "PUN", the single national purchase price for electricity in Italy. IDEX also recently introduced trading of futures on electricity for the German/Austrian market area.
- *AGREX:* the segment for agricultural commodity derivatives, currently offering futures on durum wheat.

Revenue in LSEG plc's derivatives trading markets is principally driven by fees based on volumes traded from electronic trade execution. Other charges are made for exercise and assignment fees on options contracts and expiration fees. Fees are also charged for membership.

On 16 October 2015, LSEG plc announced the launch of CurveGlobal, a new interest rate derivatives joint venture with a number of major dealer banks and Chicago Board Options Exchange. Following the introduction of additional shareholders, London Stock Exchange Group plc holds 25.99 per cent. of CurveGlobal.

CurveGlobal plans to initially offer trading in short term and long term interest rate futures. Additional products are expected to be rolled out following the launch phase. All products designed and supported by CurveGlobal are intended to be admitted to trading on the London Stock Exchange Derivatives Market, and cleared through LCH Limited and will be eligible for portfolio margining through LCH Spider, subject to regulatory approvals and necessary licences.

Trading of CurveGlobal products on the London Stock Exchange Derivatives Market is expected to go live in the third quarter of 2016, subject to regulatory approval.

Fixed-income

LSEG plc's fixed-income business is undertaken through the following operations:

MTS

MTS facilitates a number of regulated electronic fixed-income markets on both the dealer-to-dealer and dealer-to-client spaces across Europe and the U.S. with over 500 unique counterparties and average daily volumes exceeding €100 billion.

MTS offers several products in connection with fixed-income markets including:

- *MTS BondVision:* a multidealer-to-client electronic bond trading venue.
- *MTS Cash:* a comprehensive and professional cash securities trading environment for the interdealer workplace.
- *MTS Credit:* an electronic market for a wide range of multi-currency non-government bonds.
- *MTS Data:* a market data service empowering fixed-income market participants to set best practice for price discovery, verification and validation.
- *MTS Repo:* an order-driven market for repo agreements and buy/sellbacks, along with request-for-quote and OTC booking functionalities.
- *MTS BondsPro:* a U.S.-based platform that offers access to liquidity and real-time execution supporting trading in U.S. government, agency, mortgage, and corporate bonds. It uses all-to-all connectivity and supports live, anonymous, and executable orders.
- *MTS Swaps:* a fully-regulated electronic market that enables buy-side participants to trade via a prime broker.

Revenue from MTS is principally derived from fees for the execution of trades on MTS' markets. These fees are based on the volume traded. Revenue is also derived from membership fees and the sale of market data products.

MOT and ExtraMOT

MOT is the fixed-income, electronic order-driven regulated retail-sized market operated by Borsa Italiana. It has two different segments, defined according to the CSD, in which the trades are settled: DomesticMOT (settlement in Monte Titoli) and EuroMOT (settlement in Euroclear or Clearstream, Luxembourg).

Borsa Italiana also operates ExtraMOT, a MTF regulated by Borsa Italiana, for the trading of corporate Eurobonds. ExtraMOT also operates a professional segment.

Both MOT and ExtraMOT markets are cleared through CC&G.

EuroTLX

In September 2013, LSEG plc acquired a majority stake in EuroTLX, an Italian MTF operating in the European retail fixed-income market. EuroTLX migrated to MillenniumIT technology in July 2014 and complements LSEG plc's fixed-income segment. The clearing is provided by CC&G.

*Order Book for Retail Bonds ("**ORB**")*

The ORB is London Stock Exchange's electronic order book for bonds launched in 2010 and aimed at private investors and retail brokers. The ORB offers a range of gilts, corporate and supranational bonds. It operates as an open electronic order-driven market with dedicated market makers committed to quoting two-way tradable prices on-screen throughout the trading day. The ORB market offers trading in smaller sizes by value to appeal to retail investors.

Commodities, power and specialist products

IDEM, IDEX and AGREX, run by Borsa Italiana provide an efficient platform for trading in commodities, such as durum wheat, energy in the form of power futures, and other specialist products.

Post Trade Services

LSEG plc's post trade and risk management services are a significant and growing part of LSEG plc's business operations. Through its acquisition of a majority stake in LCH, LSEG plc offers clearing services in the UK, the U.S., France and is expanding its presence in the Asia-Pacific region. LCH Group provides services across multiple asset classes for on-exchange and OTC traded products. LSEG plc wholly owns and operates CC&G, the Italian clearing house, Monte Titoli and globeSettle, European settlement businesses.

The Post Trade Services division accounted for, on a continuing operations basis, 34 per cent. of LSEG's total income in the financial year ended 31 December 2015. The Post Trade Services division accounted for 35 per cent. of LSEG plc's total income, on a continuing operations basis, in the three months ended 31 March 2016.

LCH

On 1 May 2013, LSEG plc completed the acquisition of a majority stake in LCH Group. LCH Group is a leading multinational clearing provider, with three separate CCPs in the UK, the Eurozone, the U.S. and an expanding presence in the Asia-Pacific region. LCH Group provides services to mitigate counterparty risk across multiple asset classes for sell-side clearing members and buy-side clients operating on major exchanges and platforms as well as in a range of OTC markets.

LCH operates across three entities which are regulated as follows:

- LCH Limited is a Recognised Clearing House by the Bank of England in the UK and is registered as a Derivatives Clearing Organisation by the CFTC in the U.S.
- LCH SA is regulated as a Credit Institution and Clearing House by a regulatory college of central banks and market regulators from France, the Netherlands, Belgium and Portugal and is registered as a Derivatives Clearing Organisation by the CFTC in the U.S.
- LCH LLC is registered as a Derivatives Clearing Organisation by the CFTC in the U.S.

The relevant LCH Group CCP registers and processes trades and assumes the counterparty risk involved when two parties (or members) trade and clear the trade through that LCH Group CCP. When the trade is registered with the relevant LCH Group CCP, it (and in certain cases a third-party CCP that is interoperable with the LCH Group CCP) becomes the legal counterparty to each side of the trade.

CCPs within LCH Group operate the following clearing services:

SwapClear: an interest rate derivatives clearing service, delivering high levels of efficiency and liquidity to global dealers and clients. SwapClear allows market participants to fully comply with mandated clearing requirements in multiple jurisdictions around the world. SwapClear is a leading global provider of swap clearing services and seeks to maintain this position though the provision of key services such as compression and the development of portfolio margining for the benefit of customers.

CDSClear: offers industry leading default management provisions and clears indices of a broad set of European credits along with single name constituents of these indices. CDSClear is now dual registered, meaning it can act for clients both in the U.S. and Europe, having received CFTC approval to launch as a Derivatives Clearing Organisation in December 2013.

ForexClear: offers clearing services for interbank foreign exchange non-deliverable forwards in multiple currencies. The service is a market leader for clearing foreign exchange and during the year ending December 2014 added a 12th currency, the Peruvian Nuevo Sol, enabling over 95 per cent. of the non-deliverable forwards market to be cleared. ForexClear also launched client clearing in the U.S. in 2013. During 2015, ForexClear announced plans to build an FX options clearing offering and its RepoClear service saw growing momentum in €GCPlus, a new general collateral clearing service in partnership with Euroclear and with the support of Banque de France.

Fixed-income clearing: LCH SA launched €GCPlus, a central clearing service for the tri-party repo market, in collaboration with Euroclear and Banque de France, which enables market participants to efficiently manage Eurosystem eligible collateral and to generate liquidity in a cleared environment. RepoClear is LCH Limited's clearing service for cash bond and repo trades across a number of European markets. LCH SA also has an interoperability agreement with CC&G for Italian Government Bond and Repo markets.

Commodities and Listed Derivatives: LCH offers clearing of interest rate and equity derivatives as well as for a range of commodities markets, including power and associated energy markets, base and precious metals and agricultural products. It also provides clearing for freight derivatives and other commodities under its EnClear Service.

Cash Equities: equity clearing services for a number of European regulated exchanges and MTFs including London Stock Exchange, Turquoise, Euronext, SIX Swiss Exchange, Oslo Børs, BATS Chi-X Europe and other venues. Risk management and clearing services are also provided from European trading to the close of the U.S. markets. In October 2013, LCH Limited became the first CCP to offer clearing of OTC equity contracts for difference ("**CFDs**"), helping investors to access the best market price for a trade while benefiting from reduced counterparty risk, collateral efficiencies and cross-margining opportunities between cash equities and CFDs. LCH Limited also provides interoperability with other CCPs. Clearing members benefit from margin offsets and collateral efficiencies from centralised clearing.

LCH Spider: Launched in May 2016, LCH Spider is LCH's portfolio margining tool for interest rate derivatives. LCH Spider allows eligible members and clients using LCH's SwapClear and Listed Rates services to offset margin between OTC and listed interest rate derivatives, delivering risk and collateral efficiencies.

CCPs within LCH Group collect revenue primarily from either a subscription-based fee model (annual fee paid for a specified volume tier) or a transaction-based fee model *(*where a fee is charged according to notional outstanding, value traded or other metrics) for the provision of risk management services. CCPs within LCH Group also earn net treasury income, which is revenue on assets posted to its clearing houses less the interest paid to the members on their initial margin and default fund contributions.

*Cassa di Compensazione e Garanzia ("**CC&G**")*

Established in 1992, CC&G is an Italian-based clearing house providing risk management and CCP services. The main services offered include granting of anonymity, interposition (trade date novation), netting by novation, position-keeping, collateral management, reporting, delivery of settlement instructions to the securities settlement system, fails management and buy-in procedures for Italian and European securities.

CC&G, by serving as the guarantor of final settlement of contracts and as buyer towards each seller and seller towards each buyer, eliminates counterparty risk. By assuming the counterparty risk, CC&G underpins many important financial markets, facilitating trading and increasing confidence within the Italian markets. CC&G's activities are performed under the supervision of the Bank of Italy and CONSOB, which approve CC&G's regulations that it puts in place for its members.

In 2009, CC&G was granted Recognised Overseas Clearing House status by the UK Financial Services Authority (now the FCA) to operate in the UK. In May 2014, CC&G received approval from the Bank of Italy and a college of regulators to operate as CCP in the European Union under EMIR and the approval for interoperability with LCH SA for Italian Government bonds traded on the MTS platform.

CC&G acts as clearing house and CCP for transactions covering a broad range of trading venues and asset classes such as shares, warrants and convertible bonds listed on MTA market, closed-end funds, investment companies and real estate investment companies listed on MIV, ETFs and ETCs listed on ETFPlus, stock and index futures and options listed on IDEM, energy futures listed on IDEX, futures on durum wheat on AGREX, Italian Government bonds listed on MTS, EuroMTS, ICAP BrokerTec and Repo e-MID, and Italian Government bonds and corporate bonds listed on MOT, EuroTLX and Hi-MTF. CC&G also acts as a clearing house and CCP for transactions covering bonds listed on EuroMOT, ExtraMOT, EuroTLX and Hi-MTF, settling in Euroclear or Clearstream, Luxembourg.

CC&G also provides a guarantee service for the New MIC, the interbank collateralised deposit market in Italy. The New MIC was launched in October 2010 as a successor to the original MIC project, which was created to stimulate the Italian market after the financial crisis in 2008 and operated with the Bank of Italy as its guarantor.

CC&G has a tiered membership structure based on three participation-based categories. Margin requirements are applied for each type of financial instrument guaranteed by CC&G. These requirements are aimed at covering, in all but extreme market conditions, the potential losses that would result from the closure of an insolvent member's open positions. Different levels of margin requirements are used, depending on the nature and level of liquidity of the product. CC&G's risk committee autonomously sets the liquidity parameters, using analysis conducted by CC&G's risk management department.

CC&G manages four separate default funds: one for equity and equity derivatives, one for energy derivatives, one for fixed-income and one for agricultural derivatives. One further default hurdle has been introduced for the New MIC. CC&G uses a multilevel financial safeguarding system. In the event of default by a clearing member, CC&G protects market integrity by using a set of financial resources derived from the following:

- the defaulting member's initial margin;
- the defaulting member's contribution to the relevant default fund;
- CC&G shareholders' equity as required by EMIR;
- outstanding relevant default fund;
- CCP capital, except regulatory capital; and
- unfunded default funds.

CC&G's revenue is primarily driven by interest on investments (cash deposited as initial margins and default fund) and by fees charged to clients for clearing, based on transaction volumes. The balances from margin and default funds are also actively invested by CC&G to generate treasury income. Investments are mainly short-term and with a panel of bank counterparties, as regulated by the Bank of Italy, that meet the criteria set out in CC&G's financial risk policy and in accordance with EMIR.

Monte Titoli

Monte Titoli is the Italian CSD offering settlement and custody services for Italian and other European instruments. It is authorised to perform these activities by the Bank of Italy and supervised by both the Bank of Italy and CONSOB, the Italian authorities with regulatory and supervisory powers over the Italian financial system. Monte Titoli performs custody services for a wide range of financial instruments encompassing government securities, corporate bonds (including ABSs), shares/covered warrants and mutual investment funds (closed-end funds, property funds and ETFs). Almost all securities held in Monte Titoli are in dematerialised (i.e. electronic) form. The remaining securities are held as global or jumbo certificates, but managed in book entry form.

Monte Titoli signed the T2S Framework Agreement and participated in the first wave of T2S, which went live in August 2015. T2S is the new centralised settlement platform for securities, developed and operated by the Eurosystem (the European Central Bank and the national central banks of the Eurozone), created to provide settlement services for transactions in Central Bank money. In parallel Monte Titoli launched its proprietary platform X-COM, a full triparty collateral management service.

Monte Titoli, with €3.3 trillion of assets under custody, is the largest central depository system to have joined T2S to date. Through T2S, Monte Titoli will offer its customers the opportunity to settle domestic and European securities into a single client's central bank money cash account, creating an automatic pooling and netting effect that will reduce cost of funding and risks. Clients will benefit from reduced settlement fees and from the opportunity to optimise end of day and intra-day liquidity, capital requirements and credit lines consumption for settlement.

globeSettle

globeSettle, LSEG plc's international CSD business based in Luxembourg, commenced operations in September 2014 with the aim to offer its clients a full range of services, in investor CSD and issuer CSD businesses.

Information Services

LSEG plc's Information Services division is, through FTSE Russell, a leading provider of investment decision support tools including benchmarking and index licensing products and related analytical tools, and also delivers real-time and historical market data, post trade confirmation and reporting services, as well as other securities information ensuring efficient price discovery and market intelligence for investors. LSEG plc's Information Services division accounted for, on a continuing operations basis, 36 per cent. of LSEG's total income in the year ended 31 December 2015. The Information Services division accounted for 37 per cent. of LSEG plc's total income, on a continuing operations basis, in the three months ended 31 March 2016.

FTSE Russell

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indices that measure and benchmark markets and asset classes in more than 70 countries, covering 98 per cent. of the investable market globally and trading on over 25 exchanges worldwide. FTSE Russell clients have around U.S.$10 trillion of assets under management benchmarked to its indices.

FTSE Russell's index expertise and products are used extensively by institutional and retail investors globally. Leading asset owners, asset managers, ETF providers and investment banks use FTSE Russell indices to benchmark their investment performance and create investment products such as ETFs, structured products and index-based derivatives.

A core set of universal principles guides FTSE Russell's index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

LSEG plc generates revenue from licensing index data directly to users and via third party re-distributors for investment analysis and benchmarking plus licensing the use of index IP for the creation of index-tracking funds and derivative products with indices as the underlying.

On 16 December 2011, LSEG plc acquired the 50 per cent. stake in FTSE Group that it did not already own and on 3 December 2014, London Stock Exchange Group plc announced the completion of the acquisition of Russell, including its index business. On 18 May 2015, LSEG plc announced the launch of FTSE Russell, the new integrated name created for the combined businesses of FTSE Group and the Russell Index business. FTSE Russell now operates as one joint global index business, with a combined sales and product team serving its global customer base.

In April 2013, FTSE and TMX combined their fixed-income businesses in a new joint venture, FTSE TMX Global Debt Capital Markets ("**FTSE TMX**"). FTSE TMX fixed-income indices are used as benchmarks for more than U.S.$1 trillion in assets. In April 2014, FTSE TMX acquired MTS Indices, which provides total-return indices measuring the performance of the largest and most widely-traded securities in the euro bond market. LSEG plc owns approximately 75 per cent. majority stake in the FTSE TMX joint venture.

Real-time data

LSEG plc provides real-time data on a range of tradable instruments, across cash equities, covered warrants, ETFs, derivatives, fixed-income and indices. Real-time data is distributed through direct network coverage to financial institutions and also through a further network of licenced redistributors to reach a diverse audience of more than one million users globally.

Each of London Stock Exchange's and Borsa Italiana's market data comprises several levels of data, including trade prices, volumes and a fully visible tick-by-tick order book. Each level of data is designed to suit the needs of different users, whether actively trading on the markets or using the service to inform trading, investment or other business decisions.

LSEG plc generates revenue in its real-time data businesses by charging licence fees to users to access and utilise the data. Users of real-time data are charged according to the level of data they receive, the number of users and the nature of their utilisation of the data. Fees are also levied on information vendors to act as a re-distributor of data.

UnaVista

UnaVista is a secure, hosted platform for providing matching, validation, reconciliation and transaction reporting services. UnaVista offers a range of business solutions within three areas: post trade services, data solutions and reconciliations.

UnaVista post trade services include three main products being transaction reporting, trade confirmation matching and a swaps portal.

In 2013, LSEG plc launched the EMIR Trade Repository solution, approved by the ESMA as a repository across all asset classes and geographies, and the UnaVista Rules Engine to assist in regulatory reporting. The UnaVista Rules Engine acts as a central hub for the production of data to meet global regulatory reporting requirements, with linkages to other global trade repositories. Using a firm's source data, UnaVista global multi-asset class reference data of 5 million tradable products, and the relevant regulation's rules logic, the data is enriched and routed to the required destinations.

SEDOL Masterfile/London Stock Exchange as the UK representative of the Association of National Numbering Agencies

SEDOL Masterfile is LSEG plc's global, multi-asset class reference data service, providing unique identification codes ("**SEDOL codes**") for global equity, derivatives and fixed-income securities. The SEDOL Masterfile is hosted on the UnaVista platform allowing real-time creation and functionality directly through browser access. SEDOL codes are also available via a customised pre-allocation service so that issuers can improve new issuance processing time frames.

London Stock Exchange is the UK representative of the Association of National Numbering Agencies. As such, it allocates UK ISINs. In an extension to this, London Stock Exchange was sponsored by the FCA to be a local operating unit for the global allocation of the new legal entity identifier, which uniquely identifies every legal entity or structure, in any jurisdiction, which is party to a financial transaction.

RNS

RNS is a regulatory and financial communications channel and helps companies and their intermediaries to fulfil their UK and other global regulatory disclosure obligations. RNS operates as a Primary Information Provider and is regulated by the FCA.

Clients include Britain's leading listed companies and UK financial public relations firms and corporate advisers.

Over 325,000 announcements were processed by RNS during the year ended 31 December 2015. Releasing announcements through RNS ensures company information is distributed immediately and accurately in full text and in industry-leading formats. Announcements are visible to the investment community via a vast array of terminals, databases and financial websites worldwide, including Thomson Reuters, Bloomberg, Dow Jones and the London Stock Exchange's own website.

Technology Services

The Technology Services division accounted for, on a continuing operations basis, 6 per cent. of LSEG's total income in the financial year ended 31 December 2015. The Technology Services division accounted for 4 per cent. of LSEG plc's total income, on a continuing operations basis, in the three months ended 31 March 2016.

MillienniumIT

In 2009, LSEG plc acquired MillenniumIT, a Sri Lankan-based technology services company. MillenniumIT's corporate headquarters and software development operations are located in Colombo, Sri Lanka.

MillenniumIT has two divisions, MilleniumIT Software and MilleniumESP:

- *MillenniumIT Software,* which supplies, implements and supports a suite of capital markets products that include trading platforms, smart order routers, surveillance, clearing and CSD products. These products cater to trading multiple asset classes, including cash equities, derivatives, debt, commodities, foreign exchange, structured products and ETFs.
- *MillenniumESP*, which is a systems integration business offering technology infrastructure, managed services and consultancy services, working closely with industry partners such as Oracle, Cisco and Microsoft. MillenniumESP solutions drive telecommunications, financial and capital markets, manufacturing, and leisure industries both in Sri Lanka and globally.

The principal products of MillenniumIT Software are:

- *Millennium Exchange:* a flexible and scalable low latency multi-asset trading engine. The platform supports cash equity, equity derivatives, fixed-income cash and derivatives, commodity derivatives and foreign exchange derivatives and is built on a rule-based, distributed and fault tolerant technology. The majority of functionalities are available "off-the-shelf", enabling fast deployment and a rapid time to market.

- *Millennium SOR:* a flexible, asset-class agnostic, highly extensible and ultra-low latency platform designed to support varied trading and routing needs of execution venues, sell-side and buy-side firms.
- *Millennium MarketData:* data normalisation, enrichment and distribution platform for financial markets.
- *Millennium Surveillance:* a fully configurable rule-based platform that can be integrated with any trading system.
- *Millennium PostTrade:* an integrated clearing, settlement, risk management and depository solution designed to meet the needs of the constantly changing post trade landscape. All facets of post trade processing are available at a single point of access.
- *Millennium LiveOps:* a technology partnership providing IT operational support for capital markets firms.

GATElab

LSEG plc's majority-owned, Italian and UK based technology company, supplies advanced trading, market access and post trade technology to buy-side, sell-side and hedge-fund clients, as well as exchanges, across multiple asset classes.

GATElab's offering is MiFID compliant and covers:

- Manual and automatic trading and quoting, including request for quotes and indication of interests;
- Algorithmic trading;
- Smart order routing for equities and bonds (listed and OTC);
- FIX High Frequency Trading Risk Gateway for futures & options, options and cash equity;
- Matching Engine to support SI, organised trading facilities ("**OTF**s"), MTFs, crossing network;
- Easy and fast integration with external pricing, risk management, and middle/back office, clearing systems; and
- Post trade rule based deal capture to support post trade transparency and trade reporting.

Other technology services

LSEG plc also offers a suite of technology services for client access and connectivity to a variety of trading and real-time market data services. LSEG plc provides a co-location service called "Exchange Hosting", which allows ultra-low latency sensitive trading clients to place servers running their trading operations in LSEG plc's data centre, thereby significantly reducing network latency and providing high performance trading access. LSEG's Ticker Plant project, launched in 2014, is a high speed technology platform providing a single normalised real-time market data protocol for broadcast of market data from across LSEG plc, regardless of asset-class, trading platform or geography.

In May 2015, LSEG plc completed the acquisition of 100 per cent. of Exactpro Systems Limited ("**Exactpro**"), a company specialising in quality assurance for exchanges, investment banks, brokers and other financial sector organisations worldwide. Founded in 2009, Exactpro operates in the UK and U.S., with significant functions in Russia.

Russell Investments

Russell Investments is a leading provider of multi-asset class investment solutions to institutional and retail investors worldwide. In the year ended 31 December 2015, Russell Investments contributed gross revenues of £953.1 million.

Following LSEG plc's acquisition of Russell, LSEG plc conducted a comprehensive review of Russell Investments to analyse its strategic fit within LSEG plc. This was concluded in February 2015 and on 5 February 2015, LSEG plc announced its intention to sell Russell Investments.

On 8 October 2015, LSEG plc announced the proposed sale of Russell Investments to TA Associates for gross proceeds of U.S.$1,150 million (approximately £752 million) in cash, subject to certain customary closing adjustments and regulatory and other required approvals. Reverence Capital Partners, in partnership with TA Associates, will make a significant minority investment in Russell Investments.

Until the transaction completes, LSEG plc remains wholly committed to its continued focus on maintaining the existing quality of client service and fund performance at Russell Investments. LSEG plc will also continue to seek to ensure management and employee continuity and to provide strong support for growth and innovation in the business, working closely with TA Associates and Reverence Capital Partners wherever possible.

Following the proposed sale, subsidiaries of LSEG plc will enter into certain licence agreements with Russell Investments.

LSEG plc expects to complete the sale of Russell Investments shortly.

Risk Management

LSEG is a widely, and increasingly, diversified financial infrastructure group, and LSEG plc believes the management of risk to be fundamental to the successful execution of its strategic plan. As LSEG has grown and the regulatory environment has become more complex, it has adapted to meet the challenges of the post-crisis markets, working to enhance its risk management capabilities while striving to protect the value of its business. While its formal risk framework codifies the objectives and practices that govern its processes, its risk culture determines the manner in which it manages risks every day.

LSEG plc's management culture embeds risk awareness, transparency and accountability. A strong emphasis is placed on the timely identification and reporting of risk exposures and in the strategic analysis of prevailing or anticipated risks. The responsibility for identifying and managing risks rests with management and with the LSEG plc Executive Committee, with independent oversight from LSEG plc's risk management team. LSEG plc's risk culture is one of its most fundamental tools for effective risk management. LSEG plc's behaviour framework feeds into the criteria that it uses to assess the effectiveness of its risk culture and the communication, escalation and use of risk analysis to make strategic decisions.

The following risk objectives of LSEG are derived from LSEG's strategy as defined annually by the LSEG Board:

- *Maintaining a risk aware culture throughout LSEG:* the risk management framework is embedded within divisions and functions.
- *Maintaining stable earnings growth:* the strategic growth of the business is delivered in a controlled manner with long-term value enhancement and low volatility of underlying profitability.
- *Maintaining capital requirements:* LSEG plc has sufficient capital resources to meet regulatory requirements, to cover unexpected losses and to meet its strategic ambitions.
- *Maintaining liquidity:* LSEG plc retains or has adequate access to funding to meet its obligations, taking into account the availability of funds.
- *Adhering to regulatory requirements:* LSEG plc conducts activities at all times in full compliance with its regulatory obligations.
- *Maintaining operational stability by facilitating orderly market operations:* LSEG plc's operations are delivered in a secure and efficient manner without disruption.
- *Maintaining stakeholder confidence:* LSEG plc's stakeholders have confidence in its ability to deliver its strategic objectives with robust and effective governance and operational controls.

LSEG's risk control structure is based on the "3 lines of defence" model:

- the first line (Management) is responsible and accountable for identifying, assessing and managing risk;
- the second line (Risk Management and Compliance) is responsible for defining the risk management process and policy framework, providing challenge to the first line on risk management activities, assessing risks and reporting to committees of the LSEG Board on risk exposure; and

- The third line (Internal Audit) provides independent assurance to the LSEG Board and other key stakeholders over the effectiveness of the systems of controls and the enterprise risk management framework ("**ERMF**").

Key risk categories include strategic, operational, and financial risks. LSEG recognises that each of these risks, if not properly managed and/or mitigated could have an adverse impact on LSEG plc and on each of its subsidiary's reputation.

LSEG plc's approach to managing risks includes a bottom up and a top down approach. Key external and internal factors are stress tested across LSEG's operations to assess the potential impact on the financial results, strategic plans and operational resilience.

LSEG has an ongoing programme of development and enhancement of its ERMF. The ERMF metrics and indicators include stress testing used to monitor risks against risk appetite to respond to emerging or expected risks.

LSEG's risk oversight capabilities include:

- strategic risks are evaluated as part of the strategic planning process and routinely re-assessed as part of the overall enterprise wide risk management framework. A financial stress testing process is used as a tool to measure & monitor strategic risks and to support the LSEG Board's expectation that LSEG will continue to operate and meet its liabilities as they fall due for at least the next three years. Under this group-wide stress testing process, a set of severe but plausible scenarios appropriate to the business of LSEG plc and reflecting its principal risks is determined by LSEG plc management to define bear cases, and the financial impact of each on LSEG is quantified. The scenario impacts are evaluated on LSEG's key financial metrics: liquidity headroom; leverage; interest cover and regulatory capital headroom. In addition, a set of compounded stresses is evaluated to provide further confidence on the ongoing financial viability of LSEG plc even under very highly stressed environments. The stress test results feed into the strategic plan & are used to assess major strategic undertakings;
- the management of financial risk exposures for credit and counterparty risk using an aggregation tool and VaR calculation engine which aggregates clearing and treasury exposures on a T+1 basis across LSEG and includes automated stress scenario testing on counterparty risk. The LSEG Risk Appetite defines limits for key financial risk metrics and these are monitored and any exceptions reported monthly to the LSEG Financial Risk Committee; and
- risk assessment of operational and regulatory risks based on key risk indicators and changes to risk drivers on a monthly basis which are consolidated from business unit level to a Divisional level and consolidated and reported at a LSEG level to the LSEG Risk Committee on a quarterly basis.

Risks are assessed against LSEG's risk appetite which is approved by the LSEG Board on an annual basis.

Each of LSEG's CCPs complies with the appropriate regulatory requirements. Consequently, they each manage their risk under the governance of their board of directors and of their internal risk management structure. LSEG monitors the CCPs aggregated risks positions by using tools that measure the overall exposure to counterparty, credit and liquidity risks. It uses a bottom up approach for the monitoring of operational risks.

As well as being managed by the CCP's own independent processes, CCPs risks are reported to and overseen by LSEG plc's Executive Committee and the LSEG Board risk committee.

Intellectual Property (IP)

LSEG's business is dependent in parts on the creation and subsequent protection of intellectual property and knowhow as it operates in a highly dynamic and competitive industry. This is especially important in product design and underlying systems where the business is dependent on licensing use of intellectual property, such as software and information services. Where appropriate, LSEG plc takes specific measures such as registering trademarks and patents, and asserting copyright to protect its own intellectual property.

LSEG is a leading developer and operator of high performance technology solutions, including trading, market surveillance and post trade systems for over 40 organisations and exchanges including LSEG's own platforms. Additional services include network connectivity, hosting, and quality assurance testing. LSEG plc's technology businesses include MillenniumIT, GATElab and Exactpro.

Through FTSE Russell, LSEG is a global leader in financial indices, benchmarks and analytical solutions with approximately U.S.$10 trillion in assets benchmarked to its indices. LSEG also provides customers with an extensive range of real time and reference data products as well as reporting, reconciliation and confirmation services, including SEDOL, UnaVista and RNS. LSEG plc's business and customers depend on its secure technology that performs throughout to high levels of availability. LSEG plc licences certain of its software and intellectual property to customers and is also a licensee under numerous agreements with third parties.

LSEG's businesses are also dependent on the good reputation of its brands which it seeks to protect from third party abuse. Where appropriate, LSEG plc's brand names are protected through trademarks (whether registered or unregistered) in the United Kingdom, Europe and other territories of the world (as applicable).

Employees

The number of employees (excluding Russell Investments) employed by LSEG as at 31 December 2015 and 2014 and 31 March 2014 and 2013 was as follows:

	31 December		31 March	
	2015(1)	2014	2014	2013(2)
By geographical location(3)				
UK	1,292	1,226	1,249	743
Sri Lanka	833	670	660	662
Italy	575	542	518	463
Russia	318	0	0	0
United States	261	153	137	74
France	172	160	187	8
Hong Kong	31	32	30	32
Other	61	48	49	18
Total	3,543	2,831	2,830	2,000

Note:

(1) Includes employees of FTSE Russell Index business.

(2) LCH is not shown as at 31 March 2013 as it had not yet been acquired.

(3) Permanent/regular and fixed term staff only.

The table above does not include employees of Russell Investments. As at 31 December 2015, there were 1,702 employees of Russell Investments. The number of employees of LSEG (excluding Russell Investments) has not changed significantly since 31 December 2015.

Employee Share Plans

Principal terms of the LSEG Share Plans

LSEG plc currently operates several employee share plans which provide for the grant of awards or options over its shares to LSEG plc employees. For information regarding the principal share schemes, see note 32 to LSEG plc's financial statements for the financial year ended 31 December 2015, which have been reproduced in Annex 6 of this document, and note 33, 30 and 28 to LSEG plc's financial statements for the respective year ended 31 December 2014, 31 March 2014 or 31 March 2013, each of which has been incorporated by reference herein.

LSEG Share Plan interests

As at the Latest Practicable Date, the aggregate number of LSEG Shares outstanding pursuant to options and awards under the LSEG Share Plans (including 2,366,480 options and awards granted to LSEG Directors and LSEG Senior Managers) was 8,861,221. Of these 8,861,221 options and awards outstanding, up to 2,035,090 are forecast to vest and become exercisable in June 2016. Save as disclosed in this paragraph, neither LSEG plc nor any of its subsidiaries has granted any option over its shares or loan capital which remains outstanding or has agreed, conditionally or unconditionally, to grant any such options.

Impact of the Merger on the LSEG Share Plans

Share options and awards granted to participants in the LSEG Share Plans, which are not already exercisable or which have not already vested will be rolled over into equivalent options or awards over HoldCo Shares, save for certain options and awards which will become exercisable at the time of the Scheme Court Order (as described at paragraph 13.5.2 of Part 24: *"Additional Information—Impact of the Merger on the LSEG Share Plans"*) or which may be rolled over at the election of the participant.

All LSEG Shares issued or transferred on the exercise of share options or vesting of share awards under the LSEG Share Plans before the Scheme Record Time will be subject to the terms of the Scheme and will constitute Scheme Shares.

The Scheme will not extend to any LSEG Shares issued after the Scheme Record Time; for example, to satisfy the exercise of options by participants over LSEG Shares after the Scheme Record Time. However, as part of the Special Resolution to be proposed at the LSEG General Meeting, it is proposed that the LSEG plc Articles be amended to provide that if the Scheme becomes effective, any LSEG Shares issued after the Scheme Record Time (including to participants in the LSEG Share Plans who exercise options after the Scheme Record Time), will, subject to participants in the LSEG Share Plans first being permitted to transfer all or some of those LSEG Shares to their spouse or civil partner, be transferred automatically to HoldCo (or such person as HoldCo directs) in exchange for the allotment and issue to such person of an amount of HoldCo Shares to which they would otherwise have been entitled under the Scheme calculated in accordance with the LSEG Exchange Ratio and a cash payment in respect of fractions of HoldCo Shares. Consequently, participants in the LSEG Share Plans who receive LSEG Shares on the exercise of share options after the Scheme Record Time will receive the same consideration as LSEG Shareholders.

Participants in the LSEG Share Plans will be contacted regarding the effect of the Scheme on their rights and be provided with further detail regarding the proposals set out above. This will include an explanation of the effect of the Scheme on participants' share options and awards and, where applicable, their right to exercise share options to acquire LSEG Shares or to receive LSEG Shares on the vesting of share awards.

In jurisdictions where the proposals, as described above and at paragraph 13.5.2 of Part 24: "*Additional Information",* would result in unfavourable tax treatment for participants, the LSEG plc remuneration committee may amend the terms of the relevant LSEG Share Plan as is considered appropriate, save that no amendment to the terms of the relevant LSEG Share Plan shall be made that would confer additional material benefits on participants.

For a detailed description of the treatment of options and awards under specific LSEG Share Plans, see paragraph 13.5.2 of Part 24: "*Additional Information*".

Material Property

Details of the material properties of LSEG plc are set out below:

Location	Tenure	Rent p.a. at 31 March 2016	Rent review date	Term	Areas (approx. m2)	Uses
Paternoster Square, London	Leasehold	£12,454,630	02/09/2018 02/09/2023	Expiry 01/09/2028	19,781	Mixed tenancy, office-based functions and commercial events suite
Aldgate House, London	Leasehold	£2,680,056	25/03/2016 25/03/2021	Expiry 24/03/2026	5,986	Mixed tenancy, office-based functions
Palazzo Mezzanotte, Milan	Leasehold	€5,521,937 (approx. £4.5 million)	Annually on 1 January	Expiry 31/12/2017, automatic renewal for further six years, termination with one year notice	12,306	Sole tenant, office-based functions and commercial events suite

Material Contracts

For a description of the material contracts of LSEG, see paragraph 15.3 (*Material Contracts of LSEG*) of Part 24: "*Additional Information*".

Insurance

As an integral part of its risk management framework LSEG plc maintains a comprehensive portfolio of insurance policies that are designed to provide cover for specific risks or liabilities that may arise from activities undertaken by businesses. In order to assess the scope and the adequacy of coverage, the risk profile of LSEG is evaluated on an annual basis to ensure an appropriate level of risk transfer via a group-wide master and local insurance policies.

All insurance policies are placed with established insurance carriers that can demonstrate sufficient credit worthiness and service capabilities to protect LSEG plc. Coverage includes but is not restricted to crime and civil liability, property and casualty, terrorism, pension trust liability, travel, employer's liability. Additionally, LSEG plc has subscribed to various specific employee benefit insurance policies including life, accident and assistance policies. A director and officers policy is in force to cover members of the LSEG Board and all other officers of LSEG in respect of legal action while they carry out their fiduciary duties.

LSEG plc, as a diversified financial infrastructure group, has a global footprint and business lines which have varied risk profiles. Changes to business profiles and geographic exposures are frequently evaluated and cover adapted where necessary with a view to maintaining sufficient insurance coverage to mitigate foreseeable risks. However, LSEG plc may still incur damages that are not covered by insurance policies or that exceed coverage limits or amounts set aside to cover such risks. Moreover, there can be no assurance that LSEG plc will be able to maintain or obtain adequate insurance coverage in the future.

Related Party Transactions

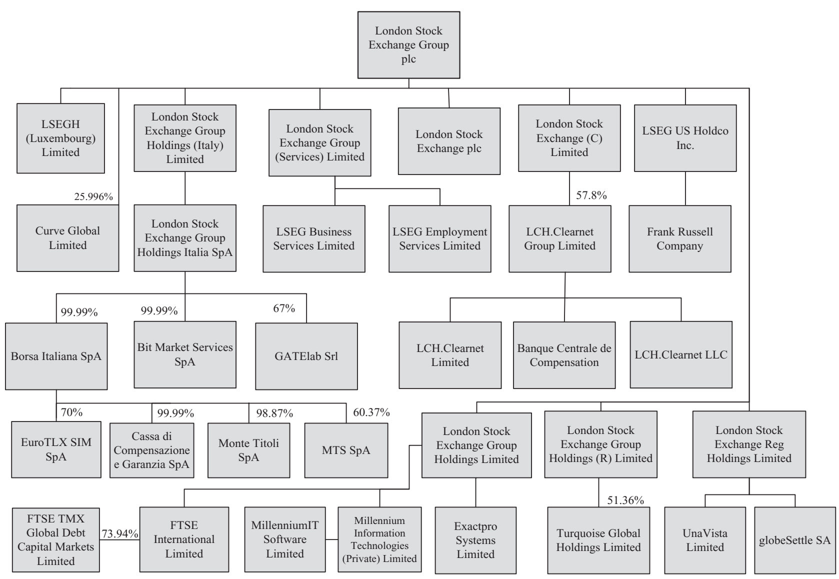
For information on related party transactions between LSEG plc and its subsidiaries that were entered into during the financial years ended 31 December 2015, 31 December 2014, 31 March 2014, and 31 March 2013, see note 33, 34, 31, and 29, of the financial statements for the respective financial year which have been reproduced in Annex 6 of this document or incorporated by reference herein. With the exception of a dividend payment of £82.3 million by London Stock Exchange plc to LSEG plc in March 2016, there were no new related party transactions between 1 January 2016 and the Latest Practicable Date that were material to LSEG plc.

Corporate governance

LSEG plc complies with all provisions of the UK Corporate Governance Code published by the UK Financial Reporting Council.

Structure of LSEG

LSEG plc is the ultimate holding company of LSEG. The following chart shows LSEG plc and its current material subsidiaries and joint ventures at the date of this document.



Note: Entities are 100 per cent. held unless otherwise stated.
Excludes subsidiaries related to Russell Investments.

Directors

The LSEG plc's Directors as at 27 May 2016 (being the Latest Practicable Date) (in such capacities, each having their business address at 10 Paternoster Square, London, EC4M 7LS, United Kingdom) and their principal activities performed outside the London Stock Exchange Group plc that are significant with respect to the London Stock Exchange Group plc (other than activities in relation to other members of LSEG plc), are as follows:

Name	Role	Principal activities performed outside LSEG plc
Donald Brydon CBE*	Chairman of the Group	Chairman of The Sage Group plc, Medical Research Council, Lifesight Limited and the charities Chance to Shine and the Science Museum Foundation
Xavier Rolet KBE	Group Chief Executive Officer	Member of the HM Treasury Financial Services Trade and Investment Board, a member of the Columbia Business School Board of Overseers, a member of the Prime Minister's Business Advisory Group and a member of the Governor of the Bank of England's Financial Services Forum.
David Warren*	Group Chief Financial Officer	No other current appointments
Raffaele Jerusalmi	Executive Director, Chief Executive Officer of Borsa Italiana and Director of Capital Markets	No other current appointments
Jacques Aigrain*	Independent Non-Executive Director	Partner at Warburg Pincus LLP, a Supervisory Board Member of LyondellBasell NV and a Non-Executive Director of WPP plc, Swiss International Airlines (a subsidiary of Deutsche Lufthansa AG) and Acutronic Holding AG
Paul Heiden*	Senior Independent Non-Executive Director	Non-Executive Director of Meggitt plc and Non-Executive Chairman of Intelligent Energy Holdings plc and A-Gas (Orb) Limited
Lex Hoogduin*	Non-Executive Director	Part-time professor of complexity and uncertainty in financial markets and financial institutions at the University of Groningen, the Netherlands, CEO of Global Complexity Network and Chairman of the Supervisory Board of the Centre for Integral Revalidation
Andrea Munari*	Independent Non-Executive Director	Chairman of Findomestic Banca S.p.A. and CEO and General Manager of Banca Nazionale S.p.A, businesses of BNP Paribas Group in Italy
David Nish*	Independent Non-Executive Director	Non-Executive Director of Vodafone Group Plc, the UK Green Investment Bank Plc, Zurich Insurance Group, and HSBC Holdings plc and a member of the Council of the Institute of Chartered Accountants of Scotland
Stephen O'Connor	Independent Non-Executive Director	Member of the U.S. CFTC Global Markets Advisory Committee, Non-Executive Director and Chairman of the Risk Committee of GE Capital International Holdings Ltd and Chairman of Quantile Technologies Ltd
Mary Schapiro*	Independent Non-Executive Director	Non-Executive Board Director of the General Electric Co., Vice-Chairman of the Sustainability Accounting Standards Board, Vice-Chairman, Advisory Board at Promontory Financial Group, advisory board member at SpruceView Capital and Hudson Executive Capital and a trustee of the MITRE Corporation

* Shows current and proposed directors of the HoldCo Board. For information on further activities of these persons and their current and past directorships, please see paragraph 9 of Part 24: "*Additional Information*".

LSEG Senior Managers

The LSEG Senior Managers as at 27 May 2016 (being the Latest Practicable Date) (in such capacities, each having their business address at 10 Paternoster Square, London, EC4M 7LS, United Kingdom) are as follows:

Name	Role
Suneel Bakhshi	Chief Executive Officer, LCH
Chris Corrado	Group Chief Operating Officer and Chief Information Officer
Diane Côté	Group Chief Risk Officer
Serge Harry	Chief of Staff to the Group CEO and Group Head for France, Benelux and Germany
Catherine Johnson	Group General Counsel
David Lester	Chief Strategy Officer
Mark Makepeace	Group Director of Information Services and Chief Executive Officer of FTSE Russell
Nikhil Rathi	Chief Executive Officer of London Stock Exchange plc and Director of International Development

Profiles of LSEG Senior Managers

The profile of each LSEG Senior Manager is as follows:

Suneel Bakhshi, Chief Executive Officer, LCH

Suneel Bakhshi joined LSEG as CEO of LCH in February 2014 from Citigroup with over 30 years of experience in trading, banking and risk management. Most recently, he was President and CEO, Citigroup Global Markets, Japan. Prior to this, he held several senior risk, banking and markets roles, including Sales and Trading in CEMEA, Fixed Income Derivatives Trading for Europe and Derivatives in Japan.

Chris Corrado, Group Chief Operating Officer and Chief Information Officer

Chris Corrado joined LSEG in November 2015 from MSCI where he was responsible for technology, data services and programme management. He has over 30 years of global experience in managing technology platforms and transformational change in the financial services industry. He has also worked for high growth technology companies including eBay, AT&T Wireless and Asurion.

Diane Côté, Group Chief Risk Officer

Diane Côté joined the Executive Committee in June 2013 with her appointment as Chief Risk Officer. Diane was previously Aviva Plc's Chief Finance Operations Officer. Prior to this, Diane held the position of Aviva's Chief Audit Officer. Diane has many years' experience holding senior positions within Aviva and other leading organisations, including Standard Life Assurance.

Serge Harry, Chief of Staff to the Group CEO and Group Head for France, Benelux and Germany

In addition to being Chairman of globeSettle, Serge Harry also serves as LSEG Country Head for France, Benelux and Germany. He was previously Chairman and CEO of BlueNext, a global carbon credits trading exchange, Head of Strategy at NYSE Euronext, and Chief Financial Officer of Euronext from 2000 to 2007.

Catherine Johnson, Group General Counsel

Catherine Johnson joined LSEG in 1996 and was appointed to LSEG plc's Executive Committee in 2016. She advises the LSEG Board and senior executives on key legal matters and strategic initiatives, and previously was head of the Group's Regulatory Strategy team. Catherine qualified as a lawyer at Herbert Smith in 1993.

David Lester, Chief Strategy Officer

David Lester joined LSEG in 2001. He has over 23 years' experience in financial markets including with Thomson Financial, Accenture and KPMG.

Mark Makepeace, Group Director of Information Services and Chief Executive Officer of FTSE Russell

Mark Makepeace was a founding Director of FTSE Group in 1995 and joined LSEG in 2011. Mark has over 20 years' experience of developing successful joint ventures and has forged alliances with stock exchanges, academics and leading industry groups.

Nikhil Rathi, Chief Executive Officer of London Stock Exchange plc and Director of International Development

Appointed in May 2014 as Director of International Development, Nikhil Rathi joined LSEG from the UK Treasury, where he held a number of senior positions, including Director of the Financial Services Group, representing the UK Government's financial services interests internationally, and Private Secretary to the UK Prime Minister for three years from 2005 to 2008.

Remuneration of LSEG Senior Managers

In addition to the options and awards under the LSEG Share Plans, the aggregate remuneration (including any contingent or deferred compensation) paid, and benefits (including benefits in kind) granted to the LSEG Senior Managers named above during the financial year ended 31 December 2015 for services in all capacities to LSEG was £14,429,574.

Current and previous directorships and partnerships of the LSEG Senior Managers

Save as set out below, none of the LSEG Senior Managers hold any directorships of any company, other than companies within LSEG, nor have any of the LSEG Senior Managers been a partner in a partnership or a director of a company at any time in the five years prior to the date of this document.

Name of Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Suneel Bakhshi	Director (CEO), Royal Ballet School	Director (Banking Executive), Royal Ballet School
Chris Corrado	None	None
Diane Côté	Director, Novae Syndicates Limited	Director, Aviva International Insurance Limited Director, Aviva Insurance Limited
Serge Harry	Chairman and CEO of SH Consulting	None
Catherine Johnson	None	None
David Lester	Director, Curve Global Limited	None
Mark Makepeace	None	Director (CEO), RM Makepeace LTD
Nikhil Rathi	Director, Curve Global Limited	None

Share capital

As at 27 May 2016 (being the Latest Practicable Date), LSEG plc had 348,541,231 ordinary shares in issue with a nominal value of 6 79/86 pence each, representing 100 per cent. of the total issued share capital.

As at the Latest Practicable Date, LSEG plc has been notified of the following interests amounting to more than 3 per cent. in its issued share capital in accordance with sections 791 to 828 of the Companies Act 2006 and the Disclosure and Transparency Rules:

Name	% of issued share capital	Number of Shares
Qatar Investment Authority	10.32	35,970,000
BlackRock, Inc.	8.74	30,477,457
Invesco Limited	5.32	18,558,960
Lindsell Train Limited	4.99	17,390,195
TCI Fund Management Limited	4.25	14,801,548
Veritas Asset Management LLP	3.32	11,578,991

The following table sets forth information of the current members of the LSEG Board concerning beneficial ownership as at 31 December 2015.

	Number of Shares in LSEG plc held	Percentage of total share capital
		(%)
LSEG Board members*		
Donald Brydon CBE	5,000	0.00
Xavier Rolet KBE	519,069	0.15
David Warren	24,342	0.01
Raffaele Jerusalmi	52,130	0.01
Jacques Aigrain	—	—
Paul Heiden	3,818	0.00
Lex Hoogduin	—	—
Andrea Munari	—	—
David Nish	—	—
Stephen O'Connor	—	—
Mary Schapiro	—	—

* On 26 April 2016, Baronness Sharon Bowles, Sherry Coutu CBE and Stuart Lewis stepped down as directors of the LSEG Board.

The following table includes details regarding shareholdings of current LSEG Senior Managers as at 31 December 2015.

	Number of Shares in LSEG plc held	Percentage of total share capital
		(%)
LSEG Senior Managers		
Suneel Bakhshi	31,321	0.01
Chris Corrado	4,423	0.00
Diane Côté	35,096	0.01
Serge Harry	11,788	0.00
Catherine Johnson	52,975	0.02
David Lester	95,231	0.03
Mark Makepeace	18,411	0.01
Nikhil Rathi	7,577	0.00

PART 9—TERMS AND CONDITIONS OF THE MERGER

The Merger

The Merger will be implemented by HoldCo acquiring LSEG plc by way of the Scheme pursuant to the LSEG Acquisition and by HoldCo making the Exchange Offer to all shareholders of Deutsche Börse AG. The LSEG Acquisition and the Exchange Offer are inter-conditional such that Completion will only occur if both the LSEG Acquisition and the Exchange Offer are completed by HoldCo ("**Interconditionality**"). The Interconditionality is achieved by making the Scheme and the Exchange Offer subject to the same Conditions. Accordingly, although the LSEG Conditions apply only to the Scheme and the Deutsche Börse Conditions apply only to the Exchange Offer, they are drafted on the same basis and each Condition needs to be satisfied (or waived, as applicable) in order for Completion to occur. For the avoidance of doubt, if a LSEG Condition is waived, the equivalent Deutsche Börse AG Condition will also be waived, and vice versa (in each case, with the consent of the relevant regulator if required).

Under the terms of the Merger, LSEG Shareholders will be entitled to receive 0.4421 HoldCo Shares in exchange for each LSEG Share and Deutsche Börse Shareholders will be entitled to receive one HoldCo Share in exchange for each Deutsche Börse Share. Assuming 100 per cent. acceptance of the Exchange Offer and that no new Deutsche Börse Shares or new LSEG Shares will be issued, including as a result of (i) the exercise of any options or (ii) awards vesting under the Deutsche Börse Share Plans or the LSEG Share Plans prior to Admission, the Merger is expected to result in LSEG Shareholders owning approximately 45.8 per cent. of HoldCo and Deutsche Börse Shareholders owning approximately 54.2 per cent. of HoldCo on a fully diluted basis.

It is currently expected that the Merger will be completed during the first quarter of 2017. See Part 4: "*Expected Timetable of Principal Events*" for further details.

Summary description of the Exchange Offer

It is intended that HoldCo will acquire all of the Deutsche Börse Shares by way of a voluntary public takeover offer pursuant to the German Takeover Act (WpÜG). HoldCo expects that Deutsche Börse AG will not tender its 6,276,014 treasury shares into the Exchange Offer. Up to 365,900 treasury shares of Deutsche Börse AG, however, which will be issued/granted to the employees under the GSP 2016, starting in June/July 2016, and which can be tendered into the Exchange Offer by them shall be excluded therefrom.

The voluntary public takeover offer will be made by way of an exchange offer by HoldCo to the shareholders of Deutsche Börse AG to tender their Deutsche Börse Shares to HoldCo in exchange for HoldCo Shares at an exchange ratio of 1:1. The Exchange Offer is conditional on, amongst other things, acceptances being received in respect of the Exchange Offer in respect of at least 75 per cent. of the Deutsche Börse Shares. As such, it is possible that, after completion of the Exchange Offer, HoldCo will hold less than 100 per cent. of the Deutsche Börse Shares. HoldCo also has the right to waive down the acceptance threshold under the Exchange Offer prior to the expiry of the Acceptance Period, and to waive down the equivalent condition relating to the Exchange Offer for the Scheme, which would result in HoldCo holding less than 75 per cent. of Deutsche Börse AG at Completion. In such circumstances, HoldCo, LSEG plc and Deutsche Börse AG will consider suitable means by which to acquire the remaining Deutsche Börse Shares not otherwise owned by HoldCo.

Terms and conditions of the Exchange Offer

The Exchange Offer Document published by HoldCo on or around the date of this document includes full details of the Exchange Offer. The Exchange Offer Document also contains the expected timetable for the Exchange Offer and any necessary action to be taken by Deutsche Börse Shareholders. Details of the Deutsche Börse Conditions have been reproduced in Annex 3: "*Deutsche Börse Conditions*" for ease of reference only.

Summary description of the LSEG Acquisition

It is intended that the LSEG Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between LSEG plc and the Scheme Shareholders, under Part 26 of the Companies Act (the "**Scheme**"). The procedure involves, among other things, an application by LSEG plc to the Court to sanction the Scheme, in consideration for which the Scheme Shareholders will receive shares in HoldCo on the basis of the LSEG Exchange Ratio. The purpose of the Scheme is to provide for HoldCo to become the owner of the entire issued and to be issued share capital of LSEG plc.

The Scheme is subject to the LSEG Conditions and certain further terms as set out in the Scheme Document and will only become effective if, among other things, the following events occur on or before the Long Stop Date:

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
- the resolutions necessary to implement the LSEG Acquisition are passed by the requisite majorities of LSEG Shareholders at the LSEG General Meeting;
- the Scheme is sanctioned by the Court (with or without modification, on terms agreed by HoldCo, LSEG plc and Deutsche Börse AG); and
- an office copy of the Scheme Court Order is delivered to the Registrar of Companies.

Upon the Scheme becoming effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the LSEG General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of LSEG Shares will cease to be valid and entitlements to LSEG Shares held within the CREST system will be cancelled.

If the Scheme does not become effective on or before the Long Stop Date, it will lapse and the Merger will not proceed.

It is intended that the last day of dealings in LSEG Shares will be the Business Day immediately prior to the effective date of the Scheme (the "**Effective Date**"). It is further intended that an application will be made to the UK Listing Authority for the cancellation of the listing of the LSEG Shares on the Official List and to the London Stock Exchange for the cancellation of trading of the LSEG Shares on London Stock Exchange's main market for listed securities to take effect on the Effective Date.

Terms and conditions of the LSEG Acquisition

The Scheme Document published by LSEG plc on or around the date of this document includes full details of the Scheme, together with notices of the Court Meeting and the LSEG General Meeting. The Scheme Document also contains the expected timetable for the LSEG Acquisition, and will specify the necessary actions to be taken by LSEG Shareholders. Details of the LSEG Conditions and certain further terms in relation to the LSEG Acquisition are reproduced in Annex 4: "*LSEG Conditions and Certain Further Terms*" of this document for ease of reference only.

Regulatory Approvals Relating to the Merger

The Merger is conditional on, amongst other things, receiving merger control clearance in the European Union, the United States and Russia and regulatory approvals from relevant financial services and markets regulators in a number of jurisdictions, including Germany, the UK, France, Luxembourg, Italy and the United States. Although not conditions to the Merger, a number of other merger control and regulatory clearances and approvals will also be sought by LSEG plc, Deutsche Börse AG and/or HoldCo in connection with the Merger. LSEG plc, Deutsche Börse AG and HoldCo have opened communications with relevant authorities and regulators in order to receive these clearances and approvals, as further described below.

The Long Stop Date for the Merger, which cannot be extended after the publication of this document, is 30 June 2017. This date has been chosen because it is anticipated that it will take several months to obtain the requisite clearances and approvals. Before granting any merger clearance the European Commission may initiate Phase II proceedings in respect of the Merger under Article 6(1)(c) Council Regulation 139/2004/EC. In the event that the European Commission initiates Phase II proceedings before the Court Meeting, the Scheme shall lapse (unless otherwise agreed with the Panel).

LSEG and the Deutsche Börse Group each operate various market infrastructure providers in multiple jurisdictions such as exchanges and other trading venues, CCPs, CSDs, index administrators, information service providers, trade repositories and other service providers. While the activities of LSEG and the Deutsche Börse Group are broadly complementary, there are certain aspects of the businesses of LSEG and the Deutsche Börse Group that will need to be reviewed by the relevant merger control authorities. Further, the provision of market infrastructure is a heavily regulated industry. Accordingly, the Combined Group's operations will be subject to regulation by a significant number of national financial services and markets regulators, who will review the terms of the Merger, including the future governance and organisational structure of the Combined Group.

The merger control authorities and financial services and markets regulators from which the Combined Group is seeking clearances or approvals have discretion in administering the governing regulations and may impose or seek undertakings, conditions or requirements as a condition of clearing the Merger. These could include limitations on the conduct of the Combined Group and/or commitments in relation to the governance, internal organisation and financial resources of the Combined Group or divestments by it. LSEG, the Deutsche Börse Group or HoldCo may need to offer such undertakings, conditions or requirements in order to obtain such clearances and approvals. Whilst Deutsche Börse AG and LSEG plc believe that they will receive the requisite approvals for the Merger, there can be no assurances regarding the timing of the approvals, their ability to obtain the approvals on satisfactory terms or the absence of litigation challenging these approvals.

Due to the Conditions, HoldCo is required to obtain the approval of the LSEG Shareholders for the Scheme and the Merger by the end of the Acceptance Period under the Exchange Offer (which will fall on 12 July 2016). The LSEG Shareholders will therefore vote on the Merger at the LSEG General Meeting and the Court Meeting several months prior to Completion. In particular, at the date of the LSEG General Meeting and the Court Meeting, many of the required merger control and regulatory clearances and approvals will not have been received and any conditions or requirements attaching to the clearances and approvals will not be known.

Pre-notification discussions are ongoing with the European Commission in the context of obtaining EU merger control clearance for the Merger. In addition, LSEG, the Deutsche Börse Group and/or HoldCo are in discussions and correspondence with a number of their key financial supervisory regulators, including the Hessian Authority. As part of this process, the Hessian Authority has requested further information from the Deutsche Börse Group and HoldCo in relation to various aspects of the Merger, in particular with respect to the operation of the Frankfurt Stock Exchange and the implications of the Merger for Deutsche Börse AG's current and future regulatory status as the licensed operator of the Frankfurt Stock Exchange. LSEG, the Deutsche Börse Group and HoldCo are responding to the information requests from regulators cooperatively with the objective of receiving the necessary clearances and approvals prior to the Long Stop Date for the Merger.

Attention is drawn to the risk factor under the heading "Completion is subject to a number of conditions which may not be satisfied or waived" in Part 1: *"Risk Factors"*, and to the section entitled "Material Agreements Relating to the Merger—Co-operation Agreement" of this Part 9: *"Terms and Conditions of the Merger"*.

Material Agreements Relating to the Merger

Confidentiality Agreement

LSEG plc and Deutsche Börse AG have entered into a confidentiality agreement dated 19 January 2016 pursuant to which each of LSEG plc and Deutsche Börse AG has undertaken, amongst other things, to: (A) keep confidential information relating to the Merger and the other party and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation; and (B) use the confidential information for the sole purpose of evaluating, negotiating, advising on or implementing the Merger. These obligations remain in force until 12 months after the completion of the parties' negotiations, whether or not the Merger is implemented. The agreement also contains certain provisions pursuant to which each party has agreed not to solicit certain employees of the other party, subject to customary carve-outs, for a period of 12 months.

Confidentiality and Joint Defence Agreement

LSEG plc and Deutsche Börse AG have also entered into a Confidentiality and Joint Defence Agreement dated 18 February 2016, the purpose of which is to ensure that the exchange and disclosure of certain materials relating to the parties and between their respective merger control and regulatory legal counsel and economic advisers preserves the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

Clean Team Non-Disclosure Agreement

LSEG plc and Deutsche Börse AG have also entered into a Clean Team Non-Disclosure Agreement dated 3 March 2016. Pursuant to this agreement, the exchange and disclosure of certain sensitive materials between the parties (beyond their respective merger control and regulatory legal counsel and economic advisers) is limited to specified groups who require access to those materials in order to evaluate, negotiate, advise on or implement the Merger.

Co-operation Agreement

On 16 March 2016, LSEG plc, Deutsche Börse AG and HoldCo entered into the Co-operation Agreement in connection with the Merger, which sets out certain mutual commitments between the parties to implement the Merger. The parties amended the Co-operation Agreement on 1 June 2016. The following sets out a summary of the key terms of the Co-operation Agreement.

Information and assistance

- Each of LSEG plc, Deutsche Börse AG and HoldCo has agreed to work co-operatively and reasonably with the other parties to the Co-operation Agreement and their respective professional advisers to satisfy the Conditions relating to merger control and regulatory clearances.
- Each of Deutsche Börse AG and HoldCo has agreed to provide information and other assistance to LSEG plc in the preparation of the Scheme Document.
- Each of Deutsche Börse AG and LSEG plc has agreed to provide information to HoldCo to the extent required for the purposes of obtaining approval of the Exchange Offer Document and this document for the listing of the HoldCo Shares.
- HoldCo has undertaken to apply for admission at Completion of the HoldCo Shares to (i) premium listing on the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange and (ii) prime standard listing and trading on the regulated market of the Frankfurt Stock Exchange.

Implementation

- The Co-operation Agreement reflects the intentions of Deutsche Börse AG and LSEG plc to implement the LSEG Acquisition by way of the Scheme. However, HoldCo may implement the LSEG Acquisition by way of a Takeover Offer if LSEG plc and Deutsche Börse AG consent; and Deutsche Börse AG may implement the LSEG Acquisition by way of a Takeover Offer if (i) a third party announces a firm intention to make an offer for LSEG plc which is recommended by the directors of LSEG plc, or (ii) the board of directors of LSEG plc withdraws its unanimous recommendation of the LSEG Acquisition.
- Until Completion or termination of the Co-operation Agreement, Deutsche Börse AG has agreed that it will not take certain actions (relating to (i) the issuance of Deutsche Börse Shares, other than in the ordinary course in relation to Deutsche Börse AG's existing employee incentive plans; and (ii) entering into material acquisitions, disposals, joint ventures and material non-ordinary course contracts) without the prior consent of LSEG plc (not to be unreasonably withheld, delayed or conditioned).

Governance

- The parties to the Co-operation Agreement have agreed that, prior to Completion, the HoldCo Board and the board of the HoldCo Sole Shareholder will at all times comprise an equal number of nominated representatives from each of LSEG plc and Deutsche Börse AG.
- On Completion, HoldCo has agreed to take certain actions required to implement the agreed governance structure for the Combined Group with effect from Completion, including the agreed composition of the HoldCo Board and arrangements in respect of the Referendum Committee, as described in further detail in Part 11: "*HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance*". The schedules to the Co-operation Agreement include the agreed articles of association of HoldCo with effect from Completion and the terms of reference for certain committees of HoldCo, including the Referendum Committee and the nomination committee.

- The parties have agreed not to amend, under any circumstances, the following elements of the agreed governance structure for the Combined Group on Completion: (i) the holding company of the Combined Group being HoldCo; (ii) HoldCo being incorporated in England and Wales; (iii) the HoldCo Shares being admitted to the premium listing segment of the Official List and to trading on the regulated market of the London Stock Exchange and the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange; (iv) the intended inclusion of the shares in HoldCo in the DAX, EuroStoxx 50 and FTSE Russell index series; (v) HoldCo complying with the principles and practice of good corporate governance that apply for similar FTSE 100, DAX and/or EuroStoxx 50 international companies; (vi) the Combined Group maintaining its headquarters in London and Frankfurt; and (vii) HoldCo being tax resident solely in the United Kingdom.

Termination

- The Co-operation Agreement shall be terminated with immediate effect if: (i) all of the parties so agree; (ii) any Condition becomes incapable of satisfaction, and has not been waived or is otherwise invoked, prior to the Long Stop Date; (iii) Completion has not occurred by the Long Stop Date; or (iv) if the LSEG Acquisition or the Exchange Offer lapses, terminates or is withdrawn.
- LSEG plc and Deutsche Börse AG may each terminate the Co-operation Agreement if: (i) the Court Meeting and the LSEG General Meeting are not held by specified dates, and in any event by the end of the Acceptance Period; (ii) the Scheme is not approved, or the relevant resolutions to approve the Merger are not passed, by the LSEG Shareholders at the Court Meeting and the LSEG General Meeting respectively; (iii) the Scheme Court Hearing is not held by specified dates; (iv) the Court does not sanction the Scheme; (v) the LSEG Board withdraws or modifies its recommendation for the LSEG Acquisition; (vi) the Deutsche Börse Management Board and/or the Deutsche Börse Supervisory Board withdraws or modifies its positive reasoned statement for the Exchange Offer; (vii) a third party announces a firm intention to make an offer for either Deutsche Börse AG or LSEG plc which either is recommended by the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board or the LSEG Board, as applicable, or becomes or is declared unconditional in all respects or is completed.

Employees

The Co-operation Agreement also contains provisions that apply in respect of the Deutsche Börse Share Plans and the LSEG Share Plans and directors' and officers' liability insurance.

HoldCo Sponsors' Agreement

See paragraph 14.1 of Part 24: "*Additional Information—Material contracts of the Company*" for a summary of the key terms of the HoldCo Sponsors' Agreement, entered into between the Company, Deutsche Börse AG, LSEG plc and the Joint Sponsors in connection with the LSE Admission.

Settlement of HoldCo Shares

The HoldCo Shares to be issued pursuant to the Merger will be ordinary shares in registered form and may be held in certificated form or in uncertificated form. HoldCo Shares held in uncertificated form will be issued to Scheme Shareholders and Deutsche Börse Shareholders through CREST and Clearstream Banking, Frankfurt ("**CBF**") as described below.

HoldCo Shares will be admitted to listing on the premium listing segment of the Official List; admitted to trading on the London Stock Exchange's main market for listed securities and admitted for prime standard listing and trading on the regulated market segment of the Frankfurt Stock Exchange. Accordingly, HoldCo Shares will be eligible for settlement through CREST and CBF.

It is envisaged that at Completion the HoldCo Shares will be eligible for inclusion in the DAX and FTSE Russell index series. It is also envisaged that HoldCo will seek Euro Stoxx inclusion. HoldCo will seek to ensure the aforementioned index inclusions from Completion, including through seeking to maintain sufficient liquidity in London and Frankfurt as the two primary markets for HoldCo Shares.

Title to uncertificated HoldCo Shares can be transferred by means of a relevant system (as defined in the CREST Regulations). As described more fully below, initial issuance into CBF and transfers between CREST and CBF will take place via the CREST account of a nominee entity and a chain of custodians on behalf of CBF. LSEG plc and Deutsche Börse envisage engaging with Euroclear and CBF with a view to establishing a direct settlement link between CREST and CBF rather than using the existing nominee entity and chain of custodians. It is considered that this direct settlement link would provide the optimal outcome for stakeholders in the long term.

Settlement of HoldCo Shares to be issued to Scheme Shareholders

HoldCo Shares to be issued to the Scheme Shareholders and held through CREST only will be issued into the CREST accounts of the Scheme Shareholders (or that of their nominees). In addition, Scheme Shareholders will be given the opportunity to alternatively elect to have their HoldCo Shares delivered into a securities account in CBF. Where a Scheme Shareholder elects accordingly, such Scheme Shareholder will receive—in the same manner as Deutsche Börse Shareholders—a credit on securities account (*Gutschrift in Wertpapierrechnung*) in respect of the HoldCo Shares to the securities account in CBF specified by them. This will represent a beneficial interest in the HoldCo Shares which will be held through the chain specified below in relation to Deutsche Börse Shareholders.

Settlement of HoldCo Shares to be issued to Deutsche Börse *Shareholders*

HoldCo Shares to be issued to the Deutsche Börse Shareholders and held through CREST and CBF will be delivered into the securities accounts of Deutsche Börse Shareholders through CBF by an established chain of nominees and custodians.

HoldCo Shares will be issued into the CREST account of a nominee entity. Such nominee will hold the HoldCo Shares through a chain of custodians on behalf of CBF, which will hold the beneficial interest in the HoldCo Shares on behalf of the financial institutions participating in its settlement system. These financial institutions will hold the beneficial interests on behalf of the Deutsche Börse Shareholders. Deutsche Börse Shareholders will receive a credit on securities account (*Gutschrift in Wertpapierrechnung*) in respect of the HoldCo Shares to their securities accounts. Deutsche Börse Shareholders accepting the Exchange Offer will therefore hold a beneficial interest in the HoldCo Shares.

Exercise of rights attaching to HoldCo Shares

Persons holding legal title to the HoldCo Shares will be able to exercise rights attaching to the HoldCo Shares in their own right. Where persons hold a beneficial interest in the HoldCo Shares through a chain of nominees and custodians, such persons will be entitled to rights attaching to HoldCo Shares in accordance with the terms and conditions of the various nominees and custodians and arrangements that have been put in place by such nominees and custodians. In respect of HoldCo Shares held through CBF, HoldCo will also appoint a central registration agent to facilitate the exercise of shareholder rights, including processing administrative tasks in connection with attending and voting at general meetings.

PART 10—INDUSTRY, COMPETITION, REGULATORY AND LEGAL ENVIRONMENTS

SECTION A: INDUSTRY AND COMPETITION

While the Merger remains subject to the fulfilment or waiver of certain conditions and there is no assurance that the Merger will be completed, certain of the descriptions below have been drafted on the basis of the Combined Group as it will be in existence following the Merger (unless expressly stated or the context otherwise requires).

Market Overview

The Deutsche Börse Group and LSEG each operate cash trading markets for equity and fixed-income securities, as well as markets for the trading of derivatives, commodities and foreign exchange products across Europe and provide listing and other services, including information and technology services. In addition, the Deutsche Börse Group and LSEG offer post trade services, namely clearing, as well as settlement and custody services.

Listing and Trading Services

By listing its securities on an exchange, an issuer gains access to global capital markets.

Securities exchanges provide primary and secondary listing services to companies that are seeking to have their securities admitted to trading. Listing and admission to trading are necessary pre-conditions to the trading of securities on an exchange.

Listing securities on an exchange is just one of a number of options available to businesses seeking to raise capital.

The cash trading venues operated by the Deutsche Börse Group and LSEG enable trading of equities, fixed-income securities and a number of other exchange-traded products.

On the derivatives trading venues operated by the Deutsche Börse Group and LSEG, a wide range of financial instruments, including options and futures, whose value depends on an underlying asset such as an individual equity or fixed-income security, index, commodity or currency, are traded. The Deutsche Börse Group's and LSEG's trading venues also offer trading services for commodity and foreign exchange spot contracts.

Post Trade Services

Clearing, as well as settlement and custody services, are post trade services that are used to implement and complete transactions. Securities clearing, which takes place between trade matching and settlement, includes netting, enrichment of trades with information required for settlement (e.g., settlement account information) as well as the validation of the existence of sufficient money and securities. Securities clearing also includes the services of a CCP which acts as counterparty to both buyers and sellers and manages the counterparty risks resulting in margin requirements for clearing members to cover their net risk exposure. Settlement involves the effective transfer of securities and cash between the counterparties to the trade. The same processes generally apply to derivatives, except that derivatives are generally cash-settled. Custody services cover the secure and reliable asset safekeeping of certified securities on behalf of the owners and the handling of payments and notifications to the owner of the securities, including handling of corporate actions and dividend re-investments.

The custodian holds in its custody accounts cash and equity and fixed-income securities and other securities as described above under "*Listing and Trading Services*".

Information Services

The Deutsche Börse Group's and LSEG's market data and information services focus on producing, collecting, refining, marketing and distributing to capital market stakeholders financial data, including order book information, price data, trading volumes and statistics and analyses as well as the development, calculation and dissemination of indices.

Trade Repositories and Regulatory Reporting

The Deutsche Börse Group and LSEG also provide transaction matching, validation, reconciliation and transaction reporting services as well as EMIR Trade Repository Services.

Technology Services

Finally, the Deutsche Börse Group and LSEG have each developed technology solutions which they offer to, for example, other securities exchanges or market participants. These services relate to the development, implementation and operation of technology solutions for financial markets participants, such as, for example, electronic trading or market data platforms and related software and connectivity and hosting services.

Market and Trends

The markets and the competitive environment in which the Deutsche Börse Group and LSEG are active have seen extraordinary change over recent years, in particular since the global financial crisis in 2008. There have been a number of reasons for these changes: new (and stricter) regulation; the related shift towards central clearing and the entry of new market participants including the emergence of new CCPs and trading platforms; transparent and non-discriminatory access and inter-connectivity between market infrastructure providers; increasing internationalisation of financial markets, including the entry of new market participants and the expansion of global players into new areas; the advent and growth of smaller and non-infrastructure service providers acting across the value chain; customers demanding efficient marketplaces that allow for the trading of multiple products from around the world; and the need for market infrastructure providers to rationalise their cost bases.

The regulatory framework in which the Deutsche Börse Group and LSEG operate has changed dramatically in Europe, with particular focus on ensuring transparent and non-discriminatory access across a number of markets. The introduction of MiFID and its implementation in 2007 fundamentally altered the competitive environment for the trading of equities in Europe, leading to the emergence of MTFs and facilitating access to CCPs (in turn, inspiring the entry of new CCPs). The implementation of EMIR and Dodd-Frank have significantly impacted on OTC derivatives markets (including clearing services) and have introduced obligations for market participants and CCPs to report derivatives trades. EMIR, supported by MiFID II and MiFIR, also requires that access to CCPs and trading venues is offered to other trading venues and CCPs on a transparent and non-discriminatory basis. By virtue of decisions relating to the "equivalence" of another country's regulatory framework, trading venues and CCPs need not be located in the same jurisdiction to remain competitive and for these transparent and non-discriminatory access requirements to apply. Under MiFID II and MiFIR, access to licences for benchmarks (and other information relating to them) must also be provided to CCPs and other trading venues on a fair, reasonable and non-discriminatory basis. These are just a small selection from the large number of available examples of this regulatory trend (including the T2S initiative and the CSD Regulation) and these developments will continue to affect market dynamics and the competitive environment for both market infrastructure providers and their customers in the coming years, creating opportunities for new entrants and the creation of new, competing services from a wide range of existing and adjacent service providers.

As a result of these regulatory changes and other trends, financial markets are becoming increasingly international in scope, as issuers, investors, and intermediaries look to global players to offer open, efficient and competitive market places to meet their needs. In response, service providers are expanding their geographical reach and product offerings. As a result of these developments, the Deutsche Börse Group and LSEG face globally active competitors from the EU, United States, Asia and emerging markets. The Deutsche Börse Group and LSEG also face significant pressure to reduce their cost bases, in order to remain competitive.

Equity trading has historically been fragmented along national lines. Recent years have seen growing demand from customers seeking global markets, where they can trade across continents, time zones and instruments, and increasingly view the geographically fragmented nature of major cash equity markets as anachronistic.

Also in recent years, the number and type of derivative instruments has been steadily broadened through innovation by market participants and operators and this innovation continues today. Collectively, these derivative instruments have developed into a main pillar of the international financial system and the economy as a whole. They can be used to hedge risks or to gain exposure to a wide variety of assets and therefore contribute to economic growth. The derivatives market has a global character, mainly populated by professional wholesale traders such as banks and investment firms.

Demands from both regulators and customers require market infrastructure providers to offer safe, stable, and resilient services, with transparency in price discovery, neutrality, and effective risk management. Furthermore, regulatory obligations to provide access on a transparent and non-discriminatory basis to services will continue to provide pressure to maintain the highest standards in all of these respects and create potential for other providers to compete (or self-supply) where incumbents fail. In response, market infrastructure providers are expanding their geographical reach and product offerings.

Competition

The competitive environment has undergone, and continues to undergo, transformational changes triggered by market participants, investors, infrastructure operators, and regulators, as well as intensifying competition.

- The regulatory changes outlined above have facilitated entry, expansion and new business models for market infrastructure providers and their customers. MiFID has been particularly effective in facilitating the emergence and growth of MTFs, including significant players such as BATS / Chi-X Europe, leading to an unprecedented level of competition between equities trading venues. Since the introduction of MiFID and EMIR, on the back of a general shift towards central clearing, a number of new CCPs have also entered the market and succeeded in capturing a significant share of European trade flow. MiFID II and MiFIR will also bring about significant changes in competitive dynamics, in particular by shifting more trading onto regulated trading venues (following the drive to increase business subject to clearing under EMIR) and thereby incentivising trading venues and CCPs to compete more intensely for trading volumes across asset classes. Entry and expansion into European markets for clearing is also likely to be accelerated by the adoption of "equivalence" decisions, enabling non-EU CCPs to provide clearing services in the EU under more favourable regulatory conditions for themselves as well as for their bank customers.
- Current and prospective competitors of the Deutsche Börse Group and LSEG for trading services include regulated markets, electronic communication networks, dark pools and other alternative trading systems, market makers and other execution venues. The Deutsche Börse Group and LSEG also face competition from large brokers and customers that may assume the role of principal and act as counterparty to orders originating from retail customers, or by matching their respective order flows through bilateral trading arrangements.
- Customers continue to sponsor entry of new market infrastructure providers by committing to provide order or transaction flow and/or by participating in their formation, thus shaping the market. As customers control the flow of trading, they are the critical decision-makers in determining the success of new (or existing) providers. Bank customers have supported the formation of numerous successful providers of trading and clearing services, including BATS and Chi-X (which have since merged to become BATS Global Markets) and EuroCCP.
- The competition within the post trade environment has also intensified due to a general industry move towards inter-operability of CCPs (where participants on trading platforms are offered a choice of CCPs), which will be further strengthened by upcoming regulatory developments, including MiFID II and MiFIR.
- Both European Multilateral Clearing Facility N.V. ("**EMCF**") and EuroCCP Ltd. (a further example of customer-sponsored entry) emerged as leading pan-European cash equities clearing houses and in 2013 merged to become one of Europe's leading post trade service providers (European Central Counterparty N.V.). In addition, certain post trade business is expected to shift from traditional service providers, such as the national CSDs to the emerging central European settlement infrastructure, T2S, at the same time fuelling competition between the national CSDs for the remaining services.
- Sophisticated market infrastructure providers are diversifying and expanding. As a result, the Deutsche Börse Group and LSEG face competition from market operators from the EU, U.S. and Asia that are increasingly broadening their propositions (organically, as well as through consolidation) to gain access to new product areas and geographies. Large competitors, such as NASDAQ, ICE and CME, challenge the Deutsche Börse Group and LSEG across the globe in a range of asset classes and have achieved higher revenues and also have a higher enterprise valuation than the Deutsche Börse Group or LSEG. Others, including Euronext, HKEX and SGX, continue to expand beyond their

traditional markets to compete with the Deutsche Börse Group and LSEG for both local and global business across a range of products.

- Competition is also continuing to increase in business areas outside trading and clearing, including the provision of information services and technology. In index licencing, for example, established players such as MSCI and S&P Dow Jones Indices continue to compete strongly and competitors are expanding (again both organically and through consolidation). The sector is characterised by significant market entry and expansion and high levels of innovation.

These developments have resulted in intense competition that has driven down fees and spurred further technological development. Through sponsored entry, customers are also able to ensure that they get the services that they demand on competitive terms and incentivise existing platforms to compete strongly against new players. Market infrastructure providers such as the Deutsche Börse Group and LSEG will need to continue to work hard to address these changing customer needs in an evolving regulatory landscape.

SECTION B: REGULATORY AND LEGAL ENVIRONMENT

The Combined Group will operate in a highly regulated industry. Several entities within the Deutsche Börse Group and LSEG are operators of exchanges and other trading venues, CCPs, CSDs, index administrators, information service providers, trade repositories, other regulated entities and transaction service providers. The broad portfolio of products and services provided by the Deutsche Börse Group and LSEG together cover the entire value chain of financial market transactions, including trading and clearing of equities and derivatives, transaction settlement, custody and management of securities, the provision of market information and the development and operation of electronic systems.

The legal and regulatory framework governing the operations of the Deutsche Börse Group and LSEG, and following Completion, the Combined Group, is subject to ongoing reform. The focus of regulatory reform since the global financial crisis has been on areas such as increasing capital requirements, requirements for risk management and monitoring and managing systemic risks, measures to create more efficient and more effective supervision, market transparency and transparent and non-discriminatory access to critical market infrastructure. Initiatives to mitigate potential systemic risks stemming from the derivatives market, including the requirement to trade derivatives on exchanges and clear them through CCPs, have also been implemented, along with rules on non-discriminatory access to such infrastructures. Key supranational and national regulatory schemes applicable to the Combined Group's business are summarised below.

Regulatory and legal environment in the European Economic Area ("EEA")

The Deutsche Börse Group and LSEG's entities operate various market infrastructure providers throughout the EEA (being the EU Member States together with Norway, Iceland and Liechtenstein) including cash and derivative exchanges, (alternative) multilateral trading venues for financial products and commodities, CCPs and settlement systems for transactions concluded both on- and off-exchange as well as trade repositories and market data and indices providers.

The Deutsche Börse Group operates several exchanges in Germany. German exchanges are structured as self-governing public law institutions with partial legal capacity and are operated by exchange operators. Once a licence is granted to an exchange operator by the respective exchange supervisory authority of the German federal state where the exchange is to be operated, the exchange operator is under a public law duty to operate the exchange. Should it wish to cease activities for which it has obtained a licence in whole or in part, this would require an amendment of the exchange licence. In addition, the Deutsche Börse Group operates CCPs and conducts banking and financial services activities in, *inter alia*, Germany and Luxembourg. LSEG operates exchanges in a number of countries including the UK and Italy and CCPs in the UK, France and Italy.

Each of the EEA exchanges in the Deutsche Börse Group and LSEG and/or its operator holds an exchange licence under national law transposing MiFID granted by the relevant national exchange regulatory authority and is subject to ongoing supervision by such authority. Likewise, each of the EEA investment firms of the Deutsche Börse Group and LSEG are licenced, and subject to ongoing supervision, by the relevant national competent authority under national law transposing MiFID.

Each EEA CCP in the Deutsche Börse Group and LSEG is licenced under EMIR. Some CCPs are also licenced as credit institutions pursuant to national law transposing the requirements of the Capital

Requirements Directive 2013/36/EU and as such are subject, amongst others, to the capital requirements set out in CRD IV.

All CSDs of the Deutsche Börse Group and LSEG currently operate under national licences but will, once the relevant provisions enter into force, need to seek a new licence under the CSDR. In addition, all CSDs of the Deutsche Börse Group and LSEG located within the Eurozone will be part of a new European securities settlement engine co-ordinated by the European Central Bank ("**ECB**"), the T2S. T2S will be operated by the Eurosystem on a cost-recovery basis.

The regulatory framework in which the Deutsche Börse Group and LSEG operate in the EEA is derived from EU directives and regulations in the financial services area. Such EU legislation does not automatically apply throughout the EEA upon its entry into force, but needs to be incorporated into the EEA Agreement. There may also be differences in approach as regards the implementation and supervision of such EU legislation. There may be additional national requirements as regards the implementation and supervision of such directives and regulations. Key aspects of the EEA regulatory framework are summarised in the following sections.

MiFID, MiFID II and MiFIR

Since its introduction and implementation in November 2007, MiFID has aimed to provide a single market for financial services by harmonising national rules on the provision of such services and on financial transactions throughout the EEA. The implementation of MiFID also addressed market operators' governance, shareholders and organisation.

MiFID has been transposed into the national law of the Member States. By way of example, in Germany the rules were transposed mainly by way of the German Stock Exchange Act (Börsengesetz), the German Banking Act (Kreditwesengesetz) and the German Securities Trading Act (Wertpapierhandelsgesetz); and in the UK, the transposition was mainly effected through amendments to the Financial Services and Markets Act 2000 and related instruments and regulatory rules.

MiFID is in the process of being replaced by MiFID II, which needs to be transposed into national law, and a new, directly applicable regulation, MiFIR. Both instruments entered into force on 2 July 2014. Under the timeframe set out in the two instruments, the majority of the new rules will apply in the EU from 3 January 2017, although a one year delay to 3 January 2018 has been agreed by the European Parliament and the Council and the postponement is expected to be adopted in due course through the co-legislative process. Ahead of MiFID II and MiFIR coming into force, German provisions relating to high-frequency algorithmic trading, affecting trading participants and trading venues, have already been implemented. Those rules *inter alia* require implementing certain safeguards for the use of algorithmic high-frequency trading strategies on German trading venues.

The European Securities and Markets Authority ("**ESMA**") has been given the task of developing regulatory and implementing technical standards relating to MiFID II and MiFIR, which must be adopted by the European Commission. The Commission must also itself develop and publish delegated acts. The technical standards and delegated acts will set out the detailed requirements in a large number of areas under MiFID II and MiFIR. Under the current timeframe, the rules of MiFID II must be transposed into national law by 3 July 2016. The European Parliament and the Council have agreed to delay the transposition period for one year until 3 July 2017.

Some of the key changes brought about by MiFID II and MiFIR focus on market infrastructure. These include, for example, requirements for transparent and non-discriminatory access by trading venues and CCPs to other trading venues and CCPs, the extension of pre- and post-trade transparency to non-equities markets, extension of and changes to the transaction reporting regime and requirements relating to the provision and publication of market data. Some of these changes will require affected market participants, including the Deutsche Börse Group and LSEG, to undergo significant internal projects to prepare for implementation. The Deutsche Börse Group and LSEG have commenced internal projects to prepare for the implementation of MiFID II and MiFIR. Please refer to Part 1: "*Risk Factors—The Combined Group operates in highly regulated markets which may restrict the operations of the Combined Group*" for further information.

Market Abuse

The current market abuse regime which was harmonised in the EEA under the Market Abuse Directive ("**MAD**") is in the process of being replaced by a directly applicable regulation, which is complemented by a directive on criminal sanctions for market abuse ("**CSMAD**"). The deadline for EU Member States to implement CSMAD is 3 July 2016 (unless, like the UK, they have opted out of CSMAD), the same date on which MAR will take direct effect in the EU.

One of the key developments for operators of exchanges and other trading venues is that MAR will introduce an express obligation on them to establish and maintain effective arrangements, systems and procedures aimed at preventing and detecting insider dealing and market manipulation. Operators must report all transactions and orders (including any cancellations or modifications) that could constitute insider dealing or market manipulation to competent authorities without delay. In addition, the scope of MAR now extends to instruments traded on trading venues other than regulated markets, as well as to additional types of products and instruments. Manipulation of certain benchmarks is also within the scope of MAR.

As with MiFID II and MiFIR, these changes are likely to require market operators to undergo significant projects to prepare for implementation. The Deutsche Börse Group and LSEG have commenced internal projects to prepare for the implementation of MAR. Please refer to Part 1: "*Risk Factors—The Combined Group operates in highly regulated markets which may restrict the operations of the Combined Group*" for further information.

EMIR and Interoperability

EMIR imposes various requirements on CCPs, trade repositories and counterparties to derivative contracts. EMIR in particular imposes organisational requirements on CCPs, for instance as regards to board composition, the establishment of an independent risk function and default arrangements (including the CCPs' own contribution in case of default of a clearing member). These include requirements in relation to "interoperability arrangements" which involve CCPs establishing arrangements with each other so that a counterparty using one CCP may execute a trade with a counterparty that has chosen a different CCP.

EMIR seeks to reduce the additional risks resulting from interoperability arrangements by restricting the circumstances in which CCPs may enter into such arrangements; under EMIR, CCPs may only enter into interoperability arrangements where certain risk management and approval requirements are met, such as the provision of margin between interoperating CCPs and additional risk monitoring and management processes.

The European CCPs in the Combined Group are regulated under EMIR. Various aspects of EMIR which are relevant to the regulation of the Combined Group's CCPs are currently being reviewed by the European Commission.

Single Supervisory Mechanism

The Single Supervisory Mechanism (the "**SSM**") impacts the regulation of the Combined Group's entities located in the Eurozone that are licenced as credit institutions such as Eurex Clearing AG, Clearstream Banking A.G., Clearstream Banking S.A. and LCH SA. The SSM confers on the ECB the competence to carry out, in co-operation with national competent authorities ("**NCAs**"), key supervisory tasks for credit institutions in the participating EU Member States, i.e. currently the members of the Eurozone. It also provides the ECB with far-ranging investigatory and enforcement powers. The ECB directly supervises significant institutions, while less significant institutions continue to be directly supervised by the national competent authorities, under the oversight of the ECB. Currently, all entities in the Combined Group, located in the Eurozone, that are authorised as credit institutions qualify as less significant institutions and are thus not under the direct supervision of the ECB. However, through regulations, guidelines and general instructions addressed to the NCAs, the ECB can exercise indirect supervision on these less significant institutions.

Benchmarks

Responding to allegations of manipulation of LIBOR and EURIBOR, in particular since 2012, the European Commission has proposed new legislation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, in the form of the Benchmark Regulation. The Benchmark Regulation is currently expected to enter into force in mid-2016 and to apply 18 months after its entry into force.

The text agreed between the European Parliament and the Council of the Benchmark Regulation imposes obligations in respect of: (i) the provision of benchmarks; (ii) the contribution of input data to a benchmark; and (iii) the use of a benchmark. Of particular relevance to the Combined Group, the Benchmark Regulation will require the authorisation of, and impose governance and control requirements on, benchmark administrators, i.e. persons who have control over the provision of a benchmark.

Certain additional requirements will apply where the benchmark in question is a "critical benchmark", which the European Commission is required to set out in a list. One of the obligations attaching to administrators of critical benchmarks when providing a critical benchmark for use in a financial contract or a financial instrument or to measure the performance of investment funds is a requirement to take adequate steps to ensure that licences of, and information relating to, the benchmarks are provided to all users on a fair, reasonable, transparent and non-discriminatory basis.

*Bank Recovery and Resolution Directive ("**BRRD**"), Single Resolution Mechanism ("**SRM**") and potential legislation on recovery and resolution of financial market infrastructures*

The BRRD, which applies to credit institutions and certain investment firms and their groups, provides for the introduction of a package of minimum early intervention and resolution-related tools and powers (including the power to bail-in eligible liabilities) for relevant authorities in Member States and for special rules for cross-border groups, along with rules on recovery and resolution planning. The BRRD additionally introduced rules on minimum requirements for own funds and eligible liabilities. The minimum requirements, which are to be set by the competent authorities with regard to each institution, are designed to ensure that institutions always hold sufficient liabilities so that the bail-in tool can be used effectively in case of their resolution. The technical standards drafted by the European Banking Authority ("**EBA**") setting out the requirements in more detail are currently being consulted on and will apply once adopted by the Commission.

The BRRD has been transposed into the national law of the Member States. By way of example, it has been implemented in the UK, *inter alia*, by amendments to the Banking Act 2009, and in Germany by the SAG.

The SRM, which applies to all credit institutions in the Eurozone Member States, provides for bank resolution (including resolution planning) to be managed through a Single Resolution Board ("**SRB**") and a single resolution fund, which is financed by the banking sector. Within the SRM, the SRB is competent for resolution planning and resolution mainly with regard to banks directly supervised by the ECB. For the remaining institutions, the national resolution authorities remain responsible under the oversight of the SRB.

In its communication of 20 October 2010, the EU Commission explained that it would examine whether financial institutions other than credit institutions and certain investment firms, in particular CCPs, should also be made subject to recovery and resolution planning requirements and resolution regimes. In April 2012, the Committee on Payment and Settlement Systems ("**CPSS**", now the Committee on Payments and Market Infrastructures ("**CPMI**")) and the International Organization of Securities Commissions ("**IOSCO**") published the Principles for Financial Market Infrastructures ("**PFMI**"), which were supplemented in October 2014 by the CPMI/IOSCO Report on Recovery of Financial Market Infrastructures. Both documents contain non-binding guidance on the recovery planning process and the content of recovery plans of systemically important financial market infrastructures ("**FMIs**"). On 15 October 2014, the Annex on Resolution of FMIs and FMI participants to the Key Attributes of Effective Resolution Regimes for Financial Institutions ("**KAs**") published by the Financial Stability Board ("**FSB**") provided further guidance on the implementation of the KAs in relation to resolution regimes for systemically important FMIs. The Commission is expected to present the results of its examination, potentially accompanied by a legislative proposal on recovery and resolution of, amongst others, CCPs, once further guidance on the level of CPMI and IOSCO as well as the FSB has been finalised.

*Central Securities Depositories Regulation ("**CSDR**")*

The CSDR, which was adopted in 2014, creates a uniform European regulatory framework for CSDs for the first time, including a uniform authorisation process requiring CSDs currently operating under national authorisations to renew their licence under the harmonised framework. Moreover, the CSDR introduces an obligation of dematerialisation for most securities (meaning that financial instruments exist only as book entry records), harmonised settlement periods for most transactions in such securities and settlement discipline measures. Another consequence of CSDR is that CSDs will in due course be required to reapply for authorisation for additional licences to provide banking-type ancillary services.

The European Commission and ESMA have been tasked with specifying the requirements in additional technical standards. ESMA has recently released draft regulatory technical standards in relation to the settlement discipline regime as well internal rules and authorisation requirements. These provisions are proposed to apply from two years after the date of acceptance by the European Commission and publication in the Official Journal.

Regulatory and legal environment in Switzerland

On 1 January 2016, the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading ("**FMIA**") entered into force. FMIA is legislation similar to EMIR on trading in derivatives and provides a regime for authorisation and supervision of (among others) (i) "trading venues" (*Handelsplätze/plate-formes de négociation*) which can be a "stock exchange" (*Börse/bourse*) or a "multilateral trading facility" (*multilaterales Handelssystem/système multilatéral de négociation*), (ii) "central counterparties" (*contrepartie centrale/zentrale Gegenpartei*), (iii) central securities depositories, (iv) trade repositories and (v) payment systems (the "**Financial Market Infrastructures**").

The FMIA provides transitional provisions for Swiss and foreign Financial Market Infrastructures to either confirm or obtain a new authorisation under the FMIA. In this respect, the Financial Market Infrastructures of the Combined Group have to comply with Article 159 FMIA.

Pursuant to Article 159 para. 1 FMIA, a Financial Market Infrastructure which benefits from an authorisation or recognition at the time that the FMIA enters into force must submit a new request for authorisation or recognition within one year of the FMIA, i.e. by 31 December 2016. The authorisation or recognition procedure shall be limited to examination of the new requirements.

Pursuant to Article 159 para. 2 FMIA, Financial Market Infrastructures which are newly subject to the FMIA shall report to FINMA within six months of the FMIA entering into force, i.e. by 30 June 2016. Within one year, i.e. by 31 December 2016, they must satisfy the requirements of the FMIA and submit an authorisation or recognition request to FINMA.

In either case, Financial Market Infrastructures may continue their relevant activities until the decision on their request for authorisation or recognition decision is issued.

Regulatory and legal environment in the United States

The Deutsche Börse Group and LSEG's entities currently operate various market infrastructure providers in the United States, including several DCOs and an SEF, all registered with the CFTC; several entities for which applications to register as foreign boards of trade ("**FBOTs**") are pending before the CFTC; a clearing agency and DCO registered with both the Securities and Exchange Commission ("**SEC**") and the CFTC; a brokerage firm registered with the SEC, the Financial Industry Regulatory Authority ("**FINRA**") and 50 states and 2 territories of the United States; and three national securities exchanges registered with the SEC.

Various agencies and regulatory bodies of the United States federal government have taken, and continue to take, actions to address the 2008 financial crisis and its aftermath. These actions include, but are not limited to, the enactment of Dodd-Frank, which was signed into law on 21 July 2010 and which imposes a new regulatory framework on the U.S. financial services industry and the securities and commodity derivatives markets in particular. Dodd-Frank mandates that prudential banking regulators (including the Board of Governors of the Federal Reserve System), the SEC and the CFTC issue implementing rules and regulations. Some of these rules and regulations have been adopted, but many remain in proposed form or have yet to be proposed. Some rules and regulations have been adopted, but they will come into force only prospectively. Implementation of these rules and regulations will require further detailed rulemaking by different regulators, including the U.S. Department of the Treasury, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the SEC, the CFTC and the Financial Stability Oversight Council ("**FSOC**"), and uncertainty remains about the final details.

These changes, individually or collectively, have altered, and will continue to alter, the manner in which the Combined Group's U.S. registered entities operate, particularly when considered cumulatively with similar legislative and regulatory initiatives in Europe and elsewhere in the world. The cumulative effect of these recent regulatory changes and the related costs of compliance are uncertain at this time.

The reform of the financial system has affected, among other areas, the regulation of CCPs and broker dealers. These regulatory changes include, but are not limited to, the following.

Derivatives clearing organizations (DCOs)

Dodd-Frank has amended the Commodity Exchange Act in significant respects. Title VII of Dodd-Frank regulates all aspects of the trading and clearing of derivatives. It establishes a trading and clearing mandate for those categories of swaps designated by the CFTC as subject to clearing (currently, certain categories of interest rate swaps and credit default swaps). Pursuant to Title VII of Dodd-Frank, the CFTC has proposed, and in many cases adopted, a range of new regulatory requirements relating to the classification of swaps, the obligation to trade certain categories of swaps previously traded over-the-counter on designated trading platforms known as designated contract markets ("**DCMs**") and SEFs, the registration of market participants who trade material amounts of swaps or make a market in swaps as major swap participants ("**MSPs**") or swap dealers ("**SDs**"), the operation of DCOs, the reporting of swap transaction information to registered swap data repositories ("**SDRs**") and documentation requirements and responsibilities relating to the foregoing.

Section 725(c) of Dodd-Frank (which amended Section 5b(c)(2) of the Commodity Exchange Act) sets forth core principles with which a DCO must comply. The implementing regulations establish standards for compliance, financial resources/capital, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement, system safeguards, reporting, recordkeeping, public information, information sharing, merger control considerations and legal risk.

In February 2016 the CFTC and European Commission announced a common approach regarding requirements for CCPs. The agreement is designed to ensure that European CCPs and U.S. CCPs will be able to continue to provide services to counterparties located in the U.S. and the EU, respectively. On 15 March 2016, the European Commission adopted an equivalence decision under EMIR with respect to CFTC requirements (Commission Implementing Decision (EU) 2016/377), which applies from 5 April 2016. U.S. CCPs may since apply for recognition with ESMA under EMIR. Once recognised, U.S. CCPs may continue to provide clearing services to clearing members of trading venues in the EU within the terms of EMSA's recognition, subject principally to compliance with applicable U.S. requirements. At the same time, on 16 March 2016, the CFTC approved a substituted compliance framework for dually-registered CCPs located in the EU, together with a comparability determination with respect to certain EU rules. The Determination became effective upon official publication on 22 March 2016. The Determination will permit EU CCPs already registered with the CFTC as DCOs and those seeking registration to provide services to US clearing members and clients while complying with certain corresponding EU requirements set forth in EMIR. Simultaneously, the CFTC issued a no-action letter (No. 16–26 of 16 March 2016) providing limited relief for DCO/CCPs from the application of CFTC regulations to discrete aspects of a DCO/CCP's non-U.S. clearing activities.

Swap execution facilities (SEFs)

SEFs are trading facilities introduced by Dodd-Frank to promote the trading and processing of swaps on regulated venues and to promote pre-trade price transparency in the swaps market. They operate under the regulatory oversight of the CFTC. Any trading system or platform in which more than one market participant has the ability to execute or trade swaps with more than one other market participant on the system or platform must apply to the CFTC to register as a SEF. Obtaining and maintaining registration as a SEF requires initial and ongoing compliance with a number of core principles, codified under Part 37 of the CFTC's regulations, including principles relating to non-discriminatory access, the avoidance of manipulation, the monitoring of trading and trade processing, position limits, the financial integrity of transactions, the timely publication of trading information, recordkeeping and reporting and financial resources. The CFTC conducts regular reviews of each SEF's ongoing compliance, including examining the self-regulatory programmes operated by each exchange. Filings required of SEFs include publication of new rules implemented by a SEF, disclosure of new products proposed to be traded, and requesting no-action relief, interpretations, or guidance on particular issues.

Foreign Boards of Trade (FBOTs)

FBOTs are subject to a new registration system under Dodd-Frank and no longer rely on a no-action process to operate. In determining whether to register the FBOT, the CFTC evaluates whether the FBOT's home regulatory authority oversees the FBOT in a manner that is comparable to the CFTC's oversight of derivatives contract markets, and specifically whether the FBOT's regulator supports and enforces regulatory objectives that are substantially equivalent to those supported and enforced by the CFTC, such as prevention of market manipulation and safeguards against customer and market abuse. The new application procedures and registration requirements ensure that the process by which FBOTs are permitted to provide members and other participants located in the U.S. with direct access to their trading systems is standardised, fair and consistent to registration applicants and transparent to the general public.

Clearing Agencies

Clearing agencies are subject to multiple regulatory regimes. Any clearing agency that clears or settles securities and security-based swaps ("***SBS***") is required to register with the SEC under section 17A of the Securities Exchange Act of 1934 and under Title VII of Dodd-Frank. The clearing of SBS is subject to rules similar but not identical to those applicable to DCOs in respect of swaps. Many rules have been proposed but not finalised.

In addition, Title VIII of the Dodd-Frank Act gives the Board of Governors of the Federal Reserve new authority with respect to the risk management of clearing agencies designated as systemically important by the FSOC. In the case of a clearing agency that is regulated by the SEC and is also regulated by the CFTC as a DCO, only one will be the supervisory agency authorised to prescribe and implement the enhanced risk management standards under Title VIII. The Federal Reserve may review the SEC's prudential requirements for clearing agencies, and, if it determines that the SEC's prudential requirements are insufficient, it may formally recommend new risk management standards for the SEC to adopt.

The SEC has adopted final rules establishing minimum standards for the operation, governance, and risk management practices of registered clearing agencies, including clearing agencies designated as systemically important. The SEC has also adopted final rules that establish a process for clearing agencies to provide information to the SEC about SBS swaps that the clearing agencies plan to accept for clearing. It has also proposed prudential rules enhancing the oversight of systemically important clearing agencies or those that engage in complex transactions, such as SBS. However, the SEC has not finalised its regime for the reporting and public dissemination of SBS transaction data to SBS repositories (Regulation SBSR).

Broker dealers

Broker dealers are subject to registration and other requirements under the Securities Exchange Act of 1934. They are subject to supervision and enforcement by the SEC and must also maintain registration with FINRA as a self-regulatory organisation. SEC and FINRA rules and regulations and guidelines are subject to frequent changes. In addition, those rules and guidelines continue to evolve through regulatory notices and interpretive, exemptive and no-action letters.

The U.S. registered broker dealer that will be within the Combined Group following Completion is subject to extensive regulatory requirements that apply to all aspects of its business activity, including capital requirements; the use and safekeeping of customer funds and securities; the suitability of customer investments; record-keeping and reporting requirements; employee-related matters; limitations on extensions of credit in securities transactions; prevention and detection of money laundering and terrorist financing; procedures relating to research analyst independence; procedures for the clearance and settlement of trades; and communications with the public. The U.S. registered broker dealer is also subject to the SEC's net capital rule, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form, as well as the net capital requirements of FINRA and, in some cases, other self-regulatory organisations.

In August 2015, the SEC adopted final rules relating to the process for SBS dealers and major SBS participants to register with the SEC. In addition to addressing the registration process, the final rules contain additional requirements for non-U.S. SBS dealers and major SBS participants that are intended to promote the ability of the SEC to obtain access to books and records and conduct examinations. These requirements could necessitate changes in how the Combined Group conducts its SBS business with U.S. persons or involving U.S.-located personnel.

Dodd-Frank expands the extraterritorial jurisdiction of U.S. courts over actions brought by the SEC or the U.S. with respect to violations of the antifraud provisions in the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940. It also provides that the SEC may require that all broker dealers, when providing personalised investment advice about securities to retail customers (and any other customers as the SEC may by rule provide) will be subject to the same standard of conduct applicable to an investment adviser under the Investment Advisers Act of 1940. Although the full impact of such a provision can only be measured when the implementing regulations are adopted, the intent of this provision is to authorise the SEC to impose on broker dealers fiduciary duties to their customers, similar to the duties applicable to investment advisers under existing law.

National Securities Exchanges

Virtually all facets of the registration and operation of national securities exchanges are subject to the Securities and Exchange Commission's oversight, as prescribed by the Securities Exchange Act of 1934 (the "**Exchange Act**"). As self-regulatory organisation ("**SROs**"), the three U.S. registered national securities exchanges within the Combined Group are subject to periodic and special examinations by the SEC and are subject to potential regulatory or legal action by the SEC or other interested parties at any time in connection with alleged regulatory violations.

The three U.S. registered national securities exchanges within the Combined Group must be organised and have the capacity to be able to carry out the purposes of Section 6 of the Exchange Act and to comply and enforce compliance by their members and persons associated with their members, with the provisions of the Exchange Act, the rules and regulations thereunder, and the rules of each such national securities exchange.

Section 19(b) of the Exchange Act requires an SRO, which includes the three U.S. registered national securities exchanges within the Combined Group, to file with the SEC copies of any proposed rule or any proposed change in, addition to, or deletion from the rules of such national securities exchange. Historically the rule approval process related to rules governing member activities and trading on the exchange. As U.S. national securities exchanges have demutualised and engaged in mergers and acquisitions that result in direct and indirect ownership changes for U.S. regulated exchanges, the SEC has used its authority under Sections 3 and 19 of the Exchange Act and the rules thereunder to assert its jurisdiction to approve key aspects of the transactions.

The three U.S. registered national securities exchanges within the Combined Group face potential scrutiny from regulators and the U.S. Congress, including with respect to the structure of the markets within which the three national securities exchanges operate. The SEC and other regulators have proposed various market structure changes in recent years, any of which, if implemented by the Securities and Exchange Commission, could impact the business of the three U.S. registered national securities exchanges within the Combined Group. A recent example is Regulation Systems Compliance and Integrity ("**Regulation SCI**"), for which compliance by the three U.S. registered national securities exchanges within the Combined Group became mandatory beginning on 3 November 2015. Regulation SCI requires, among other things, that an SRO such as the three U.S. registered national securities exchanges within the Combined Group establish, maintain and enforce policies and procedures to help ensure that its systems have adequate levels of capacity, integrity, resiliency, availability, and security, and to ensure that its systems operate in compliance with the Exchange Act, the SEC's rules and regulations and the national securities exchange's rules and governing documents. These requirements could necessitate future attention and resources dedicated to compliance, including with respect to computer, network, electronic, technical, automated, or similar systems of, or operated by or on behalf of the three U.S. registered national securities exchanges within the Combined Group, with respect to securities, that directly support any one of six key securities market functions—trading, clearance and settlement, order routing, market data, market regulation, or market surveillance—and could impact how the three U.S. registered national securities exchanges within the Combined Group conduct their business.

Cross-border effects of U.S. derivatives regulation

The interplay between the U.S. and EU regulatory frameworks relating to derivatives is uncertain. The equivalence regime is in its nascent stages. MiFIR will require certain derivative transactions between financial counterparties (such as investment firms, credit institutions, insurance companies, amongst others) and/or certain non-financial counterparties (established in the EU and whose transactions in OTC derivative contracts exceed EMIR's prescribed clearing threshold) in sufficiently liquid derivatives to be executed on a trading venue which meets the requirements of the MiFID II regime. This trading obligation will also apply to counterparties which enter into derivatives that have been declared subject to the trading obligation with non-EU financial institutions or other non-EU entities that would be subject to the clearing obligation if they were established in the EU. It will further apply to non-EU entities that would be subject to the clearing obligation if they were established in the EU, which enter into derivatives transactions pertaining to a class of derivatives that has been declared subject to the trading obligation, provided that the contract has a direct, substantial and foreseeable effect within the EU or where such obligation is necessary or appropriate to prevent the evasion of any provision of MiFIR. The Dodd-Frank framework for derivatives, for its part, applies to any transactions in which a U.S. nexus is present, with limited recourse to substituted compliance or considerations of equivalence. Broadly, where a U.S. person is involved in a transaction, the Dodd-Frank framework applies a series of entity and transaction-level requirements to the relevant swap.

Although the CFTC has adopted final rules implementing a substantial portion of Dodd-Frank's requirements with respect to swaps, CFTC regulation and its interpretation continues to evolve and uncertainties remain, particularly with regard to the extraterritorial application of CFTC regulations.

The SEC has finalised a more limited portion of its Dodd-Frank rulemaking with respect to SBS, and generally is finalising rules on extraterritorial application in tandem with each particular area of substantive regulation.

Regulatory and legal environment in Singapore

The Combined Group operates various primary financial market infrastructures in Singapore which are subject to regulatory oversight under the Securities and Futures Act (Cap. 289 of Singapore) ("**SFA**"), including an approved clearing house ("**ACH**"), an approved holding company ("**AHC**") of an ACH, a recognised clearing house ("**RCH**") and two recognised market operators (collectively "**RMOs**"). There are currently also pending applications to the Monetary Authority of Singapore ("**MAS**") for an approved exchange ("**AE**"), another RMO, two RCH and an AHC of an AE. The Combined Group also operates an offshore bank that is licenced and regulated under the Banking Act (Cap. 19 of Singapore) and is a substantial shareholder with effective control over a licenced money broker under the Monetary Authority of Singapore Act (Cap. 186 of Singapore). These entities are subject to the supervisory authority of MAS, the chief regulator for financial institutions in Singapore, and also Singapore's central bank.

Following Completion:

(1) HoldCo will, as the ultimate holding company of an AHC, AE and ACH, have to apply for approval from MAS to be an AHC, unless it is able to avail itself of an exemption from such requirement; and

(2) Deutsche Börse AG will, as an intermediate holding company of an AHC, AE and ACH, also be required to apply for approval from MAS to be an AHC if its current exempt-AHC status is not reinstated by MAS following the Merger.

MAS has proposed some regulatory reforms to enhance its powers of supervision over financial markets infrastructure and intermediaries under its purview. These include:

(1) enhancing the resolution regime for financial institutions (which would include Combined Group entities in Singapore such as Eurex Clearing Asia Pte. Ltd.) by strengthening MAS' powers to resolve distressed financial institutions;

(2) strengthening the regime applicable to, and enhancing its powers of regulatory enforcement in relation to, market abuse; and

(3) subjecting potential takeovers of locally-incorporated RMOs (such as Cleartrade Exchange Pte Ltd) to MAS' approval.

These proposed reforms are not currently in force at the date of this document. Should these proposed reforms subsequently come into force, they would apply to the Combined Group entities in Singapore and increase their regulatory and compliance obligations. Please refer to Part 1: "*Risk Factors—The Combined Group operates in highly regulated markets which may restrict the operations of the Combined Group*" for further information.

PART 11—HOLDCO DIRECTORS, PROPOSED DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

The current HoldCo Board and the current HoldCo Directors

The current HoldCo Directors and their current functions in HoldCo, as at the date of this document, are as follows:

Name of HoldCo Director	Position	Date appointed to the HoldCo Board
Carsten Kengeter	Director[(1)]	10 May 2016
David Warren	Director[(1)]	14 March 2016

Note:

(1) The business address of the current HoldCo Directors as at the date of this document is as follows:
Carsten Kengeter: Mergenthalerallee 61, 65760 Eschborn, Germany.
David Warren: 10 Paternoster Square London EC4M 7LS United Kingdom.

Profiles of the current HoldCo Directors

The profile of each of the current HoldCo Directors is set out below:

Carsten Kengeter, Director

Carsten Kengeter was appointed to the HoldCo Board on 10 May 2016. Carsten Kengeter has served as a member of the Deutsche Börse Management Board since April 2015 and since June 2015, has been its Chief Executive Officer. Before that, Carsten was a member and Chairman of the Group Executive Board of UBS AG from 2008 to 2013. He started his career in 1992 at Barclays de Zoete Wedd Ltd. in London, moving to the Goldman Sachs Group, New York in 1997 where he became Managing Director and later on Partner and Co-Head of the Securities Division (AexJ) and Co-Head of European Fixed Income, Currencies and Commodities until 2008. He worked in various senior roles with UBS Investment Bank between 2008 and 2013, including as Chief Executive Officer, Head of Non-Core and Legacy and Joint Global Head of Fixed Income, Currencies and Commodities.

David Warren, Director

David Warren was appointed to the HoldCo Board on 14 March 2016. David Warren has also served as Chief Financial Officer of LSEG since July 2012. Before that, David was Chief Financial Officer of NASDAQ OMX from 2001 to 2009 and Senior Adviser to the NASDAQ CEO from 2011 to 2012. Other senior roles David has held have included: Chief Financial Officer at the Long Island Power Authority of New York and Deputy Treasurer of the State of Connecticut.

The composition of the HoldCo Board following Completion

Initially following Completion, the HoldCo Board will comprise 16 directors with LSEG plc and Deutsche Börse AG nominating seven Non-Executive Directors each (including the Chairman, the Deputy Chairman and Senior Independent Director, who are identified below). It is expected that the HoldCo Board will subsequently be reduced to 14 directors as a Non-Executive Director nominated by each of LSEG plc and Deutsche Börse AG will stand down.

The HoldCo Board will have a unitary board with equal representation from LSEG plc and Deutsche Börse AG and will be constituted in accordance with the UK Corporate Governance Code. On Completion, Xavier Rolet will step down from his role as Chief Executive Officer and director of LSEG plc. On stepping down, Xavier Rolet will become an adviser to the Chairman and Deputy Chairman of HoldCo to assist with a successful transition. It is currently envisaged that this arrangement would last for up to one year following Completion, but the other terms of the appointment are not yet known, and HoldCo has not discussed any other potential terms with Mr Rolet.

The initial composition of the HoldCo Board on Completion will be as follows:

Name	Date of birth	Position
Donald Brydon CBE	25 May 1945	Chairman
Joachim Faber	10 May 1950	Deputy Chairman and Senior Independent Director
Carsten Kengeter	31 March 1967	Chief Executive Officer
David Warren	18 March 1954	Chief Financial Officer
Ann-Kristin Achleitner	16 March 1966	Non-Executive Director
Jacques Aigrain	15 August 1954	Non-Executive Director
Richard Berliand	7 October 1962	Non-Executive Director
Christopher Cole	8 May 1959	Non-Executive Director
Karl-Heinz Flöther	20 September 1952	Non-Executive Director
Paul Heiden	3 February 1957	Non-Executive Director
Lex Hoogduin	7 September 1956	Non-Executive Director
Andrea Munari	18 August 1962	Non-Executive Director
David Nish	5 May 1960	Non-Executive Director
Mary Schapiro	19 June 1955	Non-Executive Director
Erhard Schipporeit	19 January 1949	Non-Executive Director
Amy Yip	13 June 1951	Non-Executive Director

Following Completion, the registered office address of HoldCo will also be the business address of each of the HoldCo Directors.

Profiles of the Proposed Directors

The profile of each of the Proposed Directors is set out below:

Donald Brydon CBE, Chairman

Donald Brydon was born in 1945. Donald is currently Chairman of LSEG and its Nomination Committee, Chairman of The Sage Group plc, Lifesight Ltd., the Medical Research Council, and of the charities Chance to Shine and the Science Museum Foundation. Donald also brings a wealth of experience gained on the boards of a number of listed companies across a wide range of sectors, as well as his significant knowledge and understanding of the finance and insurance industries, gained from his time as Chairman and Chief Executive of both BZW Investment Management Ltd and AXA Investment Managers SA.

Joachim Faber, Deputy Chairman and Senior Independent Director

Joachim Faber has been a member of the Deutsche Börse Supervisory Board since May 2009 and since May 2012 has held the position of Chairman of the Deutsche Börse Supervisory Board. He has a degree and doctorate in law and commenced his career with Citicorp in 1984 with various positions in Frankfurt and London. Between 1994 and 1997 Joachim was Head of Capital Market Business Europe, North America and Japan and between 1997 and 2000 Joachim was Chief Financial Officer of Allianz Versicherungs-AG. In 2000, Joachim became the Chief Executive Officer of Allianz Global Investors AG and a member of the Management Board of Allianz AG.

Carsten Kengeter, Chief Executive Officer

See *"Profiles of the current HoldCo Directors"* above.

David Warren, Chief Financial Officer

See "*Profiles of the current HoldCo Directors*" above.

Ann-Kristin Achleitner, Non-Executive Director

Ann-Kristin Achleitner has been a member of the Deutsche Börse Supervisory Board since May 2016. Since 2001, she has held the Chair of Entrepreneurial Finance at the Technical University Munich. She is a member of the Commission of the German Corporate Governance Code (until June 2016). She currently serves on the Supervisory Boards of Munich Re AG, Linde AG, Metro AG (until April 2017) and the Board of Directors of Engie S.A. Between 1991 and 1995 she held various teaching and consulting positions. From 1995 to 2001 she was a professor for Banking and Finance at the European Business

School in Oestrich-Winkel. During her career Ann-Kristin Achleitner has served on multiple non-profit Boards and Commissions.

Jacques Aigrain, Non-Executive Director

Jacques Aigrain has served as an independent non-executive director of the LSEG Board since May 2013, and Chairman of LSEG's remuneration committee since December 2015. Before that, Jacques has been Chairman of LCH from 2010 to 2015. He has also been a director of Resolution Ltd, a Supervisory Board member of Deutsche Lufthansa AG as well as a Director of the Qatar Financial Center Authority. In addition to these posts, Jacques spent 20 years with J.P. Morgan Chase working in the New York, London and Paris offices as well as being Chief Executive Officer of Swiss Re from 2006 to 2009.

Richard Berliand, Non-Executive Director

Richard Berliand was appointed as a member of the Deutsche Börse Supervisory Board in October 2005 and since May 2015 has held the position of Deputy Chairman. Richard commenced his main executive career with J.P. Morgan Chase & Co in 1987. He was most recently Managing Director leading J.P Morgan's Prime Services, Global Cash Equities businesses and the Firm's Market Structure practice. He retired from a full time executive role at J.P.Morgan in 2011.

Since moving into a non-executive role, he has built a management consulting business and developed a non-executive portfolio. Aside from his membership of the Deutsche Börse Supervisory Board (and the Company's derivatives subsidiaries), he also holds directorships of Man Group plc and Rothesay Life plc. He is a member of the CFTC's Global Markets Advisory Committee and was until recently also a member of the FCA's Regulatory Decisions Committee. Richard's previous roles have included Chairmanship of the Futures Industry Association in Washington, Deputy Chairmanship of LIFFE and Directorship of the London Clearing House.

Christopher Cole, Non-Executive Director

Christopher Cole has served as a senior director at the Goldman Sachs Group since 2016. He started his career as a financial analyst with Morgan Stanley from 1981 to 1983. Christopher joined the Goldman Sachs Group in 1985 as an associate in Corporate Finance. He became a partner in 1994. Christopher served as co-head of the Financial Institutions Group of the Investment Banking Division in 1998 and as sole head from 1999 to 2001. From 2004 to 2011 Christopher became the sole chairman of the Investment Banking Division and afterwards held the co-chairmanship of the Investment Banking Division from 2011 to 2015. Since 2016 Christopher has also been a senior partner of Ardea Partners.

Karl-Heinz Flöther, Non-Executive Director

Karl-Heinz Flöther has been a member of the Deutsche Börse Supervisory Board since May 2012. Between 1979 and 2012 he held several positions with Accenture, including Group Chief Executive Financial Services between 1999 and 2005; Chief Executive System Integration and Technology between 2005 and 2009; Chief Strategy & Corporate Development Officer between 2009 and 2011; and International Chairman between 2011 and 2012.

Paul Heiden, Non-Executive Director

Paul Heiden has served as a non-executive director of the LSEG Board and chairman of LSEG's audit committee since June of 2010 and has been Senior Independent Director of the LSEG Board since March 2015. Paul was previously Chairman of Talaris Topco Limited, non-executive director of United Utilities Group plc and Chief Executive Officer of FKI plc. Paul was an executive director of Rolls-Royce plc from 1997 to 1999 and Group Finance Director from 1999 to 2003. He has also held previous senior finance roles at Hanson plc and Mercury Communications and was a non-executive director of Bunzl plc and Filtrona plc.

Lex Hoogduin, Non-Executive Director

Lex Hoogduin has served as a non-executive director of the LSEG Board since December 2015, and has also served as Chairman of LCH. Lex previously served as executive director at De Nederlandsche Bank ("**DNB**") from January 2009 until July 2011. He has also held a number of economic advisory positions as Chief Economist at Robeco, Managing Director of the IRIS research institute and advisor to the first president of the ECB. Lex holds a master's degree in economics from the University of Groningen, the Netherlands, and he received his PhD degree in economics in 1991.

Andrea Munari, Non-Executive Director

Andrea Munari has served as an independent non-executive director of the LSEG Board since October 2007. Andrea was previously Chief Executive Officer of Credito Fondiario S.p.A. from January 2014 to November 2015 and General Manager of Banca IMI from March 2006 to December 2013. Other senior roles held by Andrea have included: Managing Director of Morgan Stanley Fixed Income Division, Chief Executive Officer and General Manager of Banca Caboto (now Banca IMI), director of MTS S.p.A. and director of TLX S.p.A.

David Nish, Non-Executive Director

David Nish has served as an independent non-executive director of the LSEG Board since December 2015. David was previously the Chief Executive Officer of Standard Life plc from January 2010 to September 2015, having joined the company as Group Finance Director in November 2006. David, a chartered accountant, was also previously Group Finance Director of Scottish Power plc, and he is a former Partner at Price Waterhouse. Previously, David was a non-executive director of Northern Foods plc, Thus plc, HDFC Life (India) and was also Deputy Chairman of the Association of British Insurers.

Mary Schapiro, Non-Executive Director

Mary Schapiro has served as an independent non-executive director of the LSEG Board since July 2015. Mary has held a number of senior regulatory positions including: the Chair of the US Securities and Exchange Commission, Chief Executive Officer and Chair of the FINRA and its predecessor the National Association of Securities Dealers Regulation Inc., Chair of the FINRA Educational Foundation, and the Chair of the CFTC. Mary is a former director of Kraft Foods, Duke Energy Corp and Cinergy Corp. She was also Managing Director of Governance and Markets at Promontory Financial Group LLC.

Erhard Schipporeit, Non-Executive Director

Erhard Schipporeit has been a member of the Deutsche Börse Supervisory Board since October 2005. Between 1990 and 1993 Erhard was Chief Financial Officer and a member of the Board of Management of VARTA AG, following which he was Chief Executive Officer and Chairman of the Board of Management until 1997 when he was appointed as member of the Board of Management and Chief Financial Officer of VIAG AG until 2000. Between 2000 and 2006 Erhard was a member of the Board of Management and chief financial officer of E.ON AG.

Amy Yip, Non-Executive Director

Amy Yip has been a member of the Deutsche Börse Supervisory Board since May 2015. Amy started her career as a banker at Morgan Guaranty Trust in Hong Kong before becoming Strategic Consultant at Management Analysis Centre in Boston and Hong Kong. Between 1988 and 1991 Amy was a Director of Rothschild Asset Management. Between 1991 and 1996 Amy was Vice President Private Banking at Citibank Private Bank, North Asia. She was the Executive Director of the Hong Kong Monetary Authority from 1996 to 2006. Amy held a number of positions with DBS Bank in Singapore during 2006 and 2010, including Chief Executive Officer and Country Head, Group Head Wealth Management (Private Bank & Asset Management) and Chairperson of the management board of DBS Asset Management Limited.

Proposed Senior Managers

As at the date of this document, no proposed senior managers of HoldCo have been identified. Details of any proposed senior managers of HoldCo identified by the Deutsche Börse Group and LSEG will be announced by HoldCo via an RIS.

Information about HoldCo Before the Merger

The information provided below pertains to HoldCo prior to Completion.

HoldCo was incorporated on 9 March 2016 and was formed solely for the purpose of effecting the Merger. HoldCo has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Merger. The HoldCo Board has not resolved to make any future investments other than in relation to the Merger.

See paragraph 3.3 and 3.5 of Part 24: "*Additional Information—Share capital*" for more information relating to certain resolutions relating to certain pre-Completion changes to HoldCo's existing share capital and the grant of authority to allot and issue HoldCo Shares in connection with the Scheme and the Exchange Offer.

Incorporation, Name, Registered Office, Financial Year

See paragraph 2.1 of Part 24: "*Additional Information—Incorporation and registered office*" for more information regarding HoldCo's incorporation and registered office.

See paragraph 3 of Part 24: "*Additional Information—Share capital*" for more information regarding HoldCo's share capital.

HoldCo's financial year runs from 1 April until 31 March.

Articles of association

On incorporation, HoldCo adopted standard form articles of association for a public limited company under the Companies Act (the "**Incorporation Articles**"). Shortly following its incorporation, on 14 March 2016, HoldCo adopted a new set of interim articles of association (the "**Interim Articles**") which also contains standard articles for a public limited company, save that they provide for the HoldCo Board to have an equal number of directors nominated by each of Deutsche Börse AG and LSEG plc, for board meetings to be quorate only if a director nominated by each of Deutsche Börse AG and LSEG plc is present, and for decisions at board meetings to be made unanimously by the current HoldCo Directors.

It is expected that prior to Completion, a general meeting of HoldCo's sole shareholder will be held to resolve to adopt a new set of articles of association (the "**Articles**") of HoldCo, which will replace the Interim Articles and will take effect on Completion. A summary of the terms of the Articles is set out in paragraph 4 (*Summary of the Articles*) of Part 24: "*Additional Information—Summary of the Articles*".

Board reserved matters

Following Completion, pursuant to the Articles, certain matters will require approval from a majority of 75 per cent. of the HoldCo Board—for details of the Reserved Matters of the HoldCo Board, see paragraph 4.4 (*Directors-Proceedings of the HoldCo Board*) of Part 24: "*Additional Information—Summary of the Articles*".

Employees

As of the date of publication of this document, HoldCo has no employees.

Sole shareholder

Prior to Completion, all of the shares in HoldCo (which, as at the date of this document, comprise one ordinary share with a nominal value of £1.00 and 49,999 redeemable preference shares of £1.00 each) are held by Stichting HLDCO123, 10 Paternoster Square, London, EC4M 7LS United Kingdom, which is a foundation formed under the laws of the Netherlands for the purposes of holding all of the shares in HoldCo until Completion (the "**HoldCo Sole Shareholder**"). The HoldCo Sole Shareholder does not itself have any shareholders.

At the general meeting of the Company held on 10 May 2016, the HoldCo Sole Shareholder approved resolutions to amend the rights attached to the existing one ordinary share of the Company such that upon Completion and at the same time as the issue of new HoldCo Shares pursuant to the Merger, the one ordinary share currently held by the HoldCo Sole Shareholder will automatically be converted into a deferred share in accordance with the articles of association of HoldCo. That share will subsequently be repurchased by HoldCo and cancelled. It is also intended that the 49,999 redeemable preference shares of £1.00 each currently held by the HoldCo Sole Shareholder will be redeemed and cancelled by HoldCo on or shortly after Completion such that the HoldCo Sole Shareholder ceases to hold any shares in the capital of HoldCo.

Directors and management

See "*The current HoldCo Board and the current HoldCo Directors*" above.

Committees

HoldCo has not yet established any sub-committees of the board including any audit committee, risk committee, nominations committee or remuneration committee.

See "*Board Committees and Corporate Governance following implementation of the Merger*" below in relation to sub-committees of the HoldCo Board to be established (or, in the case of the Referendum Committee, which has already been established by LSEG plc and Deutsche Börse AG and will become a sub-committee of the board), and in relation to the executive committee to be established with effect from Completion.

Dividend history

HoldCo is a newly incorporated company and has paid no dividends since its date of incorporation.

Information about HoldCo's material subsidiaries

At the date of this document, HoldCo does not hold any equity interest in any other legal entity. On Completion, HoldCo will become the ultimate holding Company of the Combined Group, comprising the Deutsche Börse Group and LSEG.

Auditor of HoldCo's financial statements

On or following Completion, HoldCo intends to appoint one of the big four international audit firms, who are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales as its auditor.

Board Committees and Corporate Governance following implementation of the Merger

UK Corporate Governance Code

The HoldCo Directors and the Proposed Directors are committed to the highest standards of corporate governance. It is the intention of the HoldCo Directors and the Proposed Directors that, upon the appointment of the Proposed Directors, HoldCo will be in compliance with the requirements of the UK Corporate Governance Code. As at the date of this document, HoldCo is not obliged to meet the requirements of the UK Corporate Governance Code.

Following Completion, HoldCo intends to report to its shareholders on its compliance with the UK Corporate Governance Code in accordance with the Listing Rules.

The corporate governance arrangements referred to above are considered by the HoldCo Directors and the Proposed Directors to be appropriate given the expected shareholding structure of HoldCo immediately following Completion.

Appointment rights for the HoldCo Board

The Initial Chairman of the HoldCo Board will be appointed for a term of three years. After three years, a new Chairman of the HoldCo Board will be nominated by the Deutsche Börse Nominated Non-Executive Directors and appointed for a three year term by a majority of the HoldCo Board. If Donald Brydon or his successor resigns, retires or is otherwise removed from office as a director during the initial three year term, the LSEG Nominated Non-Executive Directors will nominate a replacement for the remainder of the initial three-year term to be appointed by a majority of the HoldCo Board. If the Deutsche Börse AG nominated new Chairman or his successor resigns, retires or is otherwise removed from office as a director during the subsequent three year term, the Deutsche Börse Nominated Non-Executive Directors will nominate a replacement to be appointed by a majority of the HoldCo Board. A majority decision of 75 per cent. of the HoldCo Board will be required to remove any Chairman.

The Initial Deputy Chairman and Senior Independent Director of the HoldCo Board will also be appointed for a term of three years. After three years, a new Deputy Chairman will be nominated by the LSEG Nominated Non-Executive Directors to be appointed by a majority of the HoldCo Board. If such new Deputy Chairman is not also nominated as Senior Independent Director, a Senior Independent

Director will be nominated by the LSEG Nominated Non-Executive Directors. If Joachim Faber or his successor resigns, retires or is otherwise removed from office as a director during the initial three year term, the Deutsche Börse Nominated Non-Executive Directors will nominate a replacement for the remainder of the initial three-year term to be appointed by a majority of the HoldCo Board. If the LSEG plc nominated new Deputy Chairman and Senior Independent Director (or if the roles are separated, the Deputy Chairman or the Senior Independent Director) nominated by LSEG plc or his successor resigns, retires or is otherwise removed from office as a director during the subsequent three year term, the LSEG Nominated Non-Executive Directors will nominate a replacement to be appointed by a majority of the HoldCo Board. A majority decision of 75 per cent. of the HoldCo Board will be required to remove any Deputy Chairman.

The Chief Executive Officer may only be removed by a majority decision of 75 per cent. of the HoldCo Board. In the event that the Chief Executive Officer or his successor resigns, retires or is otherwise removed from office as a director within five years of Completion, the Deutsche Börse Nominated Non-Executive Directors will nominate a replacement to be appointed by a majority of the HoldCo Board. The Deutsche Börse Nominated Non-Executive Directors shall have this nomination right for five years from Completion. Thereafter the Chief Executive Officer will be nominated and appointed in accordance with customary UK corporate governance practice.

The CFO may only be removed by a majority decision of the HoldCo Board. In the event the CFO or his successor resigns, retires or is otherwise removed from office as a director within three years of Completion, the LSEG Nominated Non-Executive Directors will nominate a replacement to be appointed by a majority of the HoldCo Board (and including the support of the Chief Executive Officer). Thereafter the CFO will be nominated and appointed in accordance with customary UK corporate governance practice.

The Non-Executive Directors appointed at Completion will be appointed for an initial term of three years. In the event that any of the Non-Executive Directors resigns, retires or is otherwise removed from office as a director within four years of Completion, Deutsche Börse AG or LSEG plc (as appropriate) will have the right to nominate a replacement to be appointed by a majority of the HoldCo Board.

Except in relation to the appointment of the Chief Executive Officer, the Chairman and the Deputy Chairman, all nomination rights reserved to either the LSEG Nominated Non-Executive Directors or the Deutsche Börse Nominated Non-Executive Directors will terminate after four years from Completion.

Notwithstanding the foregoing, for each year of appointment all directors of the HoldCo Board that intend to remain on the HoldCo Board during the following year will be required to submit themselves for annual re-election in accordance with the UK Corporate Governance Code.

HoldCo Board Committees

It is contemplated that there will be audit, risk, remuneration and nomination committees of the HoldCo Board on Completion as envisaged by the UK Corporate Governance Code. The HoldCo Board may set up additional committees as appropriate. In advance of Completion, the chairman for each committee will be selected as follows:

- the initial chairman of the audit committee will be Erhard Schipporeit;
- the initial chairman of the risk committee will be Richard Berliand;
- the initial chairman of the remuneration committee will be Jacques Aigrain; and
- the initial chairman of the nomination committee will be Donald Brydon.

The following sets out a description of the functions and expected constitution of the sub-committees of the HoldCo Board to be established on Completion.

Additionally, LSEG plc and Deutsche Börse AG have established a Referendum Committee (which following Completion will become a committee of the HoldCo Board), whose purpose is to consider the ramifications of any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom) for the Combined Group. The Referendum Committee will be dissolved in the event of a vote in favour of the United Kingdom remaining in the European Union. A summary of the Referendum Committee is set out below.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. Following Completion, the HoldCo Board will consist of 14 non-executive Directors (including the non-executive Chairman) (the "**Non-Executive Directors**") and two Executive Directors, to be constituted in accordance with the UK Corporate Governance Code.

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should appoint one of the non-executive directors to be the Senior Independent Director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of the Chief Executive Officer has failed to resolve or for which such contact is inappropriate. Joachim Faber will be appointed Senior Independent Director of the HoldCo Board on Completion.

The UK Corporate Governance Code further recommends that directors should be subject to annual re-election. In accordance with the UK Corporate Governance Code, it is expected that each of the HoldCo Directors and Proposed Directors will be subject to annual re-election.

Audit Committee

The Audit Committee will assist the HoldCo Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Combined Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Combined Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Combined Group's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports will remain with the HoldCo Board. The Audit Committee will give due consideration to laws and regulations, including the general duties of directors set out in the Companies Act, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules, Prospectus Rules, Disclosure and Transparency Rules and any other applicable rules as appropriate.

The Audit Committee will take appropriate steps to ensure that the Auditors are independent of the Company and that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies. The Audit Committee is anticipated to meet not less than three times a year.

The UK Corporate Governance Code recommends that an audit committee should comprise at least three members who are independent non-executive directors (other than the chairman), and that at least one member should have recent and relevant financial experience.

The Audit Committee shall comprise six Directors, all of whom shall be Independent Non-Executive Directors, and during the first six years from Completion shall include three Deutsche Börse Nominated Directors and three LSEG Nominated Directors. At least one member of the Audit Committee shall have recent and relevant financial experience. After the expiry of six years from Completion, in the event of deadlock, the chairman of the committee shall have a casting vote. The terms of reference of the Audit Committee may only be amended with the consent of three-quarters of the HoldCo Board.

Risk Committee

The Risk Committee will assist the HoldCo Board in discharging its responsibilities for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives, maintaining sound risk management and internal control systems. The Risk Committee shall meet not less than three times a year.

The Risk Committee shall comprise four members, a majority of whom shall be Independent Non-Executive Directors, and during the first six years from Completion shall include two Deutsche Börse Nominated Directors and two LSEG plc nominees, one of whom shall be a Director and one of whom shall not. There will also be two observers of the Risk Committee, who will have the right to attend committee meetings but not to vote. One of these observers will not be a Director. After the expiry of six years from Completion, in the event of deadlock, the chairman of the committee shall have a casting vote. The terms of reference of the Risk Committee may only be amended with the consent of three-quarters of the HoldCo Board.

Nomination Committee

The Nomination Committee will assist the HoldCo Board in discharging its responsibilities relating to the composition and make-up of the HoldCo Board and any sub-committees of the HoldCo Board. It will also be responsible for periodically reviewing the HoldCo Board's structure and identifying potential candidates to be appointed as directors or sub-committee members as the need may arise. The Nomination Committee will be responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the HoldCo Board and sub-committees of the HoldCo Board, retirements and appointments of additional and replacement directors and committee members and will make appropriate recommendations to the HoldCo Board on such matters. The Nomination Committee shall meet not less than twice a year.

The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors.

The Nomination Committee shall comprise four Directors, a majority of whom shall be Independent Non-Executive Directors, and during the first six years from Completion shall include two Deutsche Börse Nominated Directors and two LSEG Nominated Directors. After the expiry of six years from Completion, in the event of deadlock, the chairman of the committee shall have a casting vote. The terms of reference of the Nomination Committee may only be amended with the consent of three-quarters of the HoldCo Board.

The terms of reference of the Nomination Committee are consistent with the provisions of the Articles described in paragraph 4.4 of Part 24: "*Additional Information—Summary of the Articles*".

Remuneration Committee

The Remuneration Committee will determine the Company's policy on the remuneration of the Company's Chairman and Executive Directors, which will be approved by the HoldCo Board. The Remuneration Committee's duties will include setting the over arching principles, parameters and governance framework of the Combined Group's remuneration policy applicable to Executive Directors and determining the individual remuneration and benefits package of the Chairman and each of the Company's Executive Directors. In performing its duties the Remuneration Committee will take into account the guidance set out in the UK Corporate Governance Code and other relevant remuneration rules. The Remuneration Committee shall meet not less than twice a year.

The UK Corporate Governance Code provides that a remuneration committee should comprise at least three members who are independent non-executive directors (other than the chairman).

The Remuneration Committee shall comprise six members, a majority of whom shall be Independent Non-Executive Directors. The chairman will also be a member of the Remuneration Committee. In the first six years from Completion, the Remuneration Committee shall include three Deutsche Börse Nominated Directors and three LSEG Nominated Directors. After the expiry of six years from Completion, in the event of deadlock, the chairman of the committee shall have a casting vote. The terms of reference of the Remuneration Committee may only be amended with the consent of three-quarters of the HoldCo Board.

Referendum Committee

LSEG plc and Deutsche Börse AG have established a Referendum Committee (which following Completion will become a committee of the HoldCo Board), whose purpose is to consider the ramifications of any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom) for the Combined Group.

The Referendum Committee has been tasked with reviewing the potential impact on the business of the Combined Group of the United Kingdom leaving the European Union, including any issues that LSEG plc and Deutsche Börse AG and, following Completion, the HoldCo Board specifically requests the Referendum Committee to consider, and to make recommendations to LSEG plc and Deutsche Börse AG and, following Completion, the HoldCo Board in the context of this remit. Recommendations made by the Referendum Committee to LSEG plc and Deutsche Börse AG and, following Completion, the HoldCo Board will not be binding. The directors of LSEG plc and the members of the Deutsche Börse Management Board and, following Completion, the HoldCo Board, will each give serious consideration to the advice and recommendations put forward by the Referendum Committee.

The guiding principle for the Referendum Committee is that its sole concern is the best interests of clients and shareholders of the Combined Group.

Following Completion, the constitution of the Referendum Committee is expected to be:

- Joachim Faber, who has been nominated by Deutsche Börse AG and will act as Chairman of the Referendum Committee and, in the event of any votes of the Referendum Committee being deadlocked, will have a casting vote;
- Erhard Schipporeit and Ann-Kristin Achleitner, who have been nominated by Deutsche Börse AG to serve on the Referendum Committee; and
- Donald Brydon, Jacques Aigrain and Paul Heiden, who have been nominated by LSEG plc to serve on the Referendum Committee.

The Referendum Committee will meet as frequently as the Chairman of the Referendum Committee decides and in any event at least quarterly. It shall continue to meet and consider matters within its remit, as described above, following Completion.

The appointment of each of the members of the Referendum Committee has been made for a maximum of three years, although the committee members may be replaced from time to time, provided that each of the LSEG Nominated Non-Executive Directors and the Deutsche Börse Nominated Non-Executive Directors may nominate a maximum of three committee members at any one time.

The Referendum Committee will be dissolved in the event of a vote in favour of the United Kingdom remaining in the European Union.

Executive Committee, Regulatory Advisory Group and Technology Advisory Group

Following Completion, the Chief Executive Officer will chair an executive committee responsible for the day-to-day management of the Combined Group's business. The executive committee will report to the Chief Executive Officer who will, among other things, be responsible for the strategy of the Combined Group. The Chief Executive Officer shall appoint and remove members of the executive committee, provided that he shall closely consult with the Chairman and the HoldCo Board on any proposed appointments or removals of executive committee members and take into account the views of the HoldCo Board when appointing the members of the executive committee.

With effect from Completion, the HoldCo Board intends to establish a regulatory advisory group and a technology advisory group. The members of these groups may include HoldCo Directors, persons outside of LSEG and the Deutsche Börse Group or employees of LSEG or the Deutsche Börse Group and will be selected by agreement between the Chairman and Deputy Chairman of HoldCo.

Share Dealing Code

On Admission, the Company will adopt and intends to comply with, a code of securities dealings in relation to the HoldCo Shares which is based on, and is at least as rigorous as, the model code as published in the Listing Rules (or the equivalent requirements under the Market Abuse Regulation which is due to take effect on 3 July 2016). The model code will apply to the HoldCo Directors, the Proposed Directors, their connected persons and other relevant employees of the Company following Completion.

Insurance

From Completion, HoldCo will maintain directors' and officers' liability insurance policy for the members of the HoldCo Board in line with usual market practice.

PART 12—DIVIDENDS AND DIVIDEND POLICY

Under the terms of the Merger, LSEG plc and Deutsche Börse AG have agreed that:

- LSEG Shareholders will be entitled to receive dividends of:
  - (i) 25.2 pence per LSEG Share for the six month period ended 31 December 2015, scheduled to be paid on 1 June 2016; and
  - (ii) 12.0 pence per LSEG Share in respect of the six month period ending 30 June 2016 in line with LSEG plc's existing dividend policy, scheduled to be paid in September 2016,

  (together, the "**Permitted LSEG Dividends**"); and
- Deutsche Börse Shareholders will be entitled to receive a dividend of €2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015, paid on 12 May 2016 (the "**Permitted Deutsche Börse Dividend**"). Following the approval of the shareholders' meeting of Deutsche Börse AG on 11 May 2016, the Permitted Deutsche Börse Dividend was paid on 12 May 2016.

In accordance with the terms of the Merger, if either Deutsche Börse AG or LSEG plc announces, declares, makes or pays any dividend or other distribution on or after the date of the Announcement and prior to Completion, other than:

(i) a Permitted LSEG Dividend, or in excess of the Permitted LSEG Dividends, HoldCo reserves the right to reduce the LSEG Exchange Ratio so as to reflect the value attributable to any such dividend or such excess; and

(ii) the Permitted Deutsche Börse Dividend, or in excess of the Permitted Deutsche Börse Dividend, LSEG plc shall be entitled to declare and pay an equalising dividend to LSEG Shareholders so as to reflect the value attributable to any such dividend or such excess adjusted by multiplying by the sum of 45.6 divided by 54.4 to reflect the pro rata share of the Combined Group that LSEG plc, Deutsche Börse AG and HoldCo expect LSEG Shareholders to hold at Completion.

Following Completion and subject to the approval of the HoldCo Board, the Combined Group intends to adopt a progressive dividend policy within the range of current policies and timing of both LSEG plc and Deutsche Börse AG. This will include consideration of any dividends to LSEG Shareholders and Deutsche Börse Shareholders in respect of the financial period ending 31 December 2016. It is envisaged that shareholders of the Combined Group will be able to elect to have dividends paid in pound sterling or euro. The HoldCo Shares will carry the right to all dividends and other distributions declared, made or paid on or after Completion.

Following Completion, the ability of the Company to pay dividends will remain dependent on a number of factors and there is no assurance that the Company will pay dividends, or if a dividend is paid, what the amount of such dividend will be. See Part 1: "*Risk Factors—Risks relating to HoldCo Shares—Because HoldCo is a holding company and substantially all of its operations are conducted through its subsidiaries, its ability to pay dividends on the shares depends on its ability to obtain cash dividends or other cash payments or to obtain loans from such entities*".

PART 13—SELECTED FINANCIAL INFORMATION OF THE DEUTSCHE BÖRSE GROUP

The following is a summary of the Deutsche Börse Group's selected financial information for the periods indicated.

The consolidated statement of income, consolidated statement of financial position and consolidated statement of cashflows for each of the three years ended 31 December 2015, 2014 and 2013 has been extracted from the Deutsche Börse 2015 Financial Statements, the Deutsche Börse 2014 Financial Statements and the Deutsche Börse 2013 Financial Statements. The consolidated statement of income, consolidated statement of financial position and consolidated statement of cashflows for the three months ended 31 March 2016 and 2015 has been extracted from the Deutsche Börse Unaudited Interim Financial Information.

The Deutsche Börse Unaudited Interim Financial Information, the Deutsche Börse 2015 Financial Statements, the Deutsche Börse 2014 Financial Statements and the Deutsche Börse 2013 Financial Statements are included in Annex 5: "*Deutsche Börse AG Historical Financial Information*" to this document.

The summary should be read in conjunction with Part 14: "*Operating and Financial Review of the Deutsche Börse Group*" and with Part 19: "*Historical Financial Information of Deutsche Börse AG*" and Annex 5. Investors are advised to read the whole of this document and not rely on the information summarised in this Part 13.

Consolidated Statement of Income

The table below sets out the Deutsche Börse Group's consolidated statement of income for the years ended 31 December 2015, 2014 and 2013 and for the three months ended 31 March 2016 and 2015.

	Three months ended 31 March		Year ended 31 December		
	2016[(1)]	2015[(1)(2)]	2015	2014[(3)(4)]	2013
			(€ million)		
	(unaudited) (restated)			(audited)	
Sales revenue	658.4	617.7	2,722.8	2,347.8	2,160.3
Total revenue	681.6	631.3	2,797.0	2,408.5	2,216.8
Volume-related costs	(71.1)	(66.6)	(429.6)	(360.7)	(304.5)
Net revenue (total revenue less volume-related costs)	610.5	564.7	2,367.4	2,047.8	1,912.3
Staff costs	(142.6)	(125.2)	(640.7)	(472.4)	(476.0)
Depreciation, amortisation and impairment losses	(31.0)	(28.0)	(143.7)	(124.8)	(118.8)
Other operating expenses	(142.3)	(117.8)	(591.2)	(517.6)	(588.0)
Operating costs	(315.9)	(271.0)	(1,375.6)	(1,114.8)	(1,182.8)
Results from equity investments	1.6	6.9	0.8	78.3	9.3
Earnings before interest and tax (EBIT)	296.2	300.6	992.6	1,011.3	738.8
Financial income	0.2	19.4	21.2	8.8	5.7
Financial expense	(20.4)	(13.7)	(63.6)	(56.7)	(76.4)
Earnings before tax (EBT)	276.0	306.3	950.2	963.4	668.1
Other tax	(0.3)	(0.4)	(1.6)	(1.4)	(1.1)
Income tax expense	(74.4)	(79.4)	(247.4)	(173.5)	(171.8)
Net profit for the period from continuing operations	**201.3**	**226.5**	**701.2**	**788.5**	**495.2**
Net profit for the period from discontinued operations	**10.8**	**9.0**	**0.0**	**0.0**	**0.0**
Net profit for the period	**212.1**	**235.5**	**701.2**	**788.5**	**495.2**

Note:

(1) On 9 March 2016, Deutsche Börse AG and NASDAQ, Inc. entered into an agreement regarding the sale of International Securities Exchange Holdings, Inc. ("**ISE**"), operator of three U.S. equity options exchanges, and ISE's holding company U.S. Exchange Holdings, Inc. to NASDAQ for a total cash consideration of U.S.$1.1 billion. The agreement excludes ownership

interests in BATSGlobal Markets, Inc. and in Digital Asset Holdings LLC, which will continue to be owned by Deutsche Börse AG. At the time of its acquisition by Deutsche Börse AG, ISE was allocated to the Eurex segment from a balance sheet perspective. With the divestiture, the goodwill of the Eurex segment will only reduce partially, so that a high triple-digit million euro disposal gain is expected for Deutsche Börse AG at the group level. The completion of the transaction is subject to the approval by competition and supervisory authorities and is anticipated for mid 2016.

Given the requirements of IFRS 5 Deutsche Börse Group publishes the consolidated balance sheet and the consolidated statement of income including divestment of ISE as discontinued operations.

(2) Figures taken from prior-year figures from the Deutsche Börse Unaudited Interim Financial Information.

(3) As adjusted to reflect change in accounting policy. See Note 3 to the Deutsche Börse 2015 Financial Statements.

(4) The figures were taken from the prior-year figures of the Deutsche Börse 2015 Financial Statements.

Consolidated Statement of Financial Position

The table below sets out the Deutsche Börse Group's consolidated statement of financial position for as at 31 December 2013, 2014 and 2015 and as at 31 March 2016.

	As at 31 March 2016(1)	As at 31 December		
		2015	2014(2)	2013
		(€ million)		
	(unaudited)		(audited)	
Non-current assets				
Intangible assets	3,919.0	4,633.0	3,526.5	3,158.7
Property, plant and equipment	99.2	109.7	100.9	107.3
Financial assets	1,912.2	2,309.0	1,602.2	1,411.6
Financial instruments of the central counterparties	9,585.6	7,175.2	5,885.8	4,058.6
Other non-current assets	11.8	11.7	11.5	11.7
Deferred tax assets	61.6	148.3	140.3	49.0
Total non-current assets	15,589.4	14,386.9	11,267.2	8,796.9
Current assets				
Financial instruments of the central counterparties	167,921.3	126,289.6	170,251.0	153,546.8
Receivables and securities from banking business	19,639.3	10,142.9	10,307.1	9,544.0
Trade receivables	438.1	554.1	342.9	218.8
Receivables from related parties	2.0	4.7	1.0	4.1
Income tax receivables	90.9	94.2	75.0	40.4
Other current assets	580.9	1,022.3	554.3	273.7
Assets held for sale / Available-for-sale financial assets(2)	857.3	0.0	0	35.6
Receivables and other current assets	189,529.8	138,107.8	181,531.3	163,663.4
Restricted bank balances	24,391.9	26,870.0	22,283.5	16,221.7
Other cash and bank balances	706.4	711.1	826.1	627.9
Total current assets	214,627.4	165,688.9	204,640.9	180,513.0
Total assets	230,216.8	180,075.8	215,908.1	189,309.9
Equity				
Shareholders' equity	3,814.4	3,556.1	3,429.7	3,036.6
Non-controlling interests	139.6	139.0	322.4	231.4
Total equity	3,954.0	3,695.1	3,752.1	3,268.0
Non-current liabilities				
Provisions for pensions and other employee benefits	167.4	140.7	145.6	80.2
Other non-current provisions	119.6	131.7	110.5	113.2
Deferred tax liabilities	370.5	581.3	379.5	243.4
Interest-bearing liabilities	2,537.6	2,546.5	1,428.5	1,521.9
Financial instruments of the central counterparties	9,585.6	7,175.2	5,885.8	4,058.6
Other non-current liabilities	4.2	10.0	12.6	2.6
Total non-current liabilities	12,784.9	10,585.4	7,962.5	6,019.9
Current liabilities				
Tax provisions	268.4	316.7	282.7	266.8
Other current provisions	142.8	174.5	108.1	223.6
Financial instruments of the central counterparties	167,556.8	126,006.5	169,001.9	153,046.8
Liabilities from banking business	20,017.3	11,681.4	11,487.1	9,725.3
Other bank loans and overdrafts	45.3	42.2	0.7	0.1
Trade payables	233.9	372.8	221.2	123.7
Liabilities to related parties	1.8	1.8	1.6	1.9
Cash deposits by market participants	24,391.2	26,869.0	22,282.4	16,221.7
Other current liabilities	613.6	330.4	807.8	412.1
Liabilities associated with assets held for sale(3)	206.9	0.0	0.0	0.0
Total current liabilities	213,477.9	165,795.3	204,193.5	180,022.0
Total liabilities	226,262.8	176,380.7	212,156.0	186,041.9
Total equity and liabilities	230,216.8	180,075.8	215,908.1	189,309.9

Note:

(1) The statement of financial position as at 31 March 2016 reflects the divestment of International Securities Exchange Holdings, Inc. as discontinued operations.

(2) The adjusted balance sheet as at 31 December 2014 reflects the changes from the allocation of the purchase price for Clearstream Global Securities Services Limited, Cork, Ireland.

(3) Including operating activities of ISE for Q1 2016.

Consolidated Statement of Cashflows

The table below sets out the Deutsche Börse Group's consolidated statement of cashflows for the years ended 31 December 2015, 2014 and 2013.

	Year Ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Cash flows from operating activities excluding CCP positions	796.6	684.8	797.3
Cash flows from operating activities	10.1	677.3	728.3
Cash flows from investing activities	(1,592.3)	(250.4)	(829.2)
Cash flows from financing activities	76.1	(441.1)	(497.6)
Net change in cash and cash equivalents	(1,506.1)	(14.2)	(598.5)
Cash and cash equivalents at period end	(1,579.4)	(68.5)	(56.2)

PART 14—OPERATING AND FINANCIAL REVIEW OF THE DEUTSCHE BÖRSE GROUP

The financial information below is extracted from the Deutsche Börse 2015 Financial Statements, the Deutsche Börse 2014 Financial Statements, the Deutsche Börse 2013 Financial Statements and from the Deutsche Börse Unaudited Interim Financial Information with comparable figures for the three months ended 31 March 2015. The Deutsche Börse 2015 Financial Statements, the Deutsche Börse 2014 Financial Statements, the Deutsche Börse 2013 Financial Statements and the Deutsche Börse Unaudited Interim Financial Information, including the auditors' report in respect of such financial statements, are set out in Annex 5: "Deutsche Börse AG Historical Financial Information".

You should read the information below in conjunction with Deutsche Börse AG's audited historical financial information and the auditors' reports contained in the Deutsche Börse 2015 Financial Statements, the Deutsche Börse 2014 Financial Statements, the Deutsche Börse 2013 Financial Statements and the Deutsche Börse Unaudited Interim Financial Information alongside the detailed information included in this document in Part 7: "Information on the Deutsche Börse Group" and you should not rely solely on key and summarised information. The Deutsche Börse AG auditors have issued unqualified audit opinions in respect of the financial statements of Deutsche Börse AG for each of the financial years ended 31 December 2015, 2014 and 2013.

Some of the information in the review set forth below and elsewhere in this document includes forward-looking statements that involve risks and uncertainties. Deutsche Börse AG's actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, including under Part 1: "Risk Factors" and Part 2: "Presentation of Financial and Other Information—Forward-looking statements".

Management's discussion and analysis of financial condition and results of operations of Deutsche Börse Group

Overview

Deutsche Börse AG, headquartered in Frankfurt am Main, Germany, is the holding company of the Deutsche Börse Group. As at 31 December 2015, the Deutsche Börse Group employed more than 5,200 people in 38 locations in 30 countries. As one of the largest exchange organisations worldwide, the Deutsche Börse Group offers its customers a broad portfolio of products and services.

The Deutsche Börse Group's business activities are divided into four segments: Eurex, Xetra, Clearstream and Market Data + Services. See Part 7: "*Information on the Deutsche Börse Group—Business Segments*" for more information regarding the Deutsche Börse Group's reporting segments and business areas.

Key Factors Affecting Results of Operations and Financial Condition

External Factors

The business environment in which the Deutsche Börse Group operates directly affects its results of operations. Its results have been affected by many factors, including the level of trading activity in its markets, which during any period is significantly influenced by general market conditions, competition, market share and the pace of industry consolidation. In recent years, the business environment has been characterised by increasing competition among global venues for trading, clearing and settlement volumes and listings, the globalisation of exchanges, customers and competitors, market participants' demand for speed, capacity and reliability, which requires continuing investment in technology, and increasing competition for market data revenues.

In particular, the results of operations and financial position of the Deutsche Börse Group are influenced by, among others, the following external factors.

Economic conditions and structural changes in financial markets

The performance and volatility of the financial markets, structural changes in the financial markets such as the increasing use of derivatives by investment funds, as well as general economic conditions affect the overall trading activity in the markets operated by the Deutsche Börse Group, which in turn affects the Deutsche Börse Group's potential sales revenue.

While it is not possible to predict reliably the future trends in trading volumes, which tend to be volatile in the short term depending largely on market sentiment, Deutsche Börse AG expects that average unit prices will continue to trend moderately downwards from year to year as a result of competition and innovation, and volume discounts and fee caps in its pricing schedules.

If a peripheral state were to leave the euro zone or if a state were to become insolvent, this could mean that government bonds would not be redeemed or only would be redeemed in part. This might have a negative influence on the Deutsche Börse Group's customers and reduce their trading volume in the future. Currently, the Deutsche Börse Group still views the probability of this risk occurring as low, and the possible consequences as medium.

Regulatory environment and competition

Changes in the regulatory environment and competition of other trading and clearing platforms can affect trading volumes and market share, put pressure on pricing and require continuing investment in technology. For example, increased transparency requirements and new rules on licensing indices used as benchmarks in MiFID II and MiFIR could negatively impact the revenue of the Market Data + Services segment as well as the Eurex trading venue. The increased liability for assets under custody as laid out in the Undertakings for Collective Investment in Transferable Securities ("**UCITS**") directive is expected to impact the depository business. Governments and central banks are currently working to enhance regulation of the financial markets so as to further stabilise the financial sector and prevent future crises of the magnitude experienced. The measures planned, and in some cases already initiated, include revising the legal framework for banking business and capital adequacy requirements and rules for clearing OTC derivatives transactions, as well as improving financial market supervision. For the Deutsche Börse Group's customers, the ultimate impact of these far-reaching regulatory reform projects on market structures and business models is difficult to estimate accurately at present. Deutsche Börse AG anticipates that this uncertainty will continue to weigh on market participants' business activities during the forecast period. Overall, however, the Deutsche Börse Group sees the changing regulatory environment as an opportunity to expand its business further.

Apart from the opportunities arising from changes in the regulatory environment, the Deutsche Börse Group expects to see further debate in the future on the potential introduction of a financial transaction tax. The introduction of a financial transaction tax will continue to be pursued in 2016 by the Participating Member States, which have formed an alliance to achieve greater co-operation. The introduction of such a tax might negatively impact the Deutsche Börse Group's business performance. The introduction of a financial transaction tax could significantly reduce trading activity on both Eurex and Xetra. This would go hand in hand with lower revenue not only for the marketplaces but also for all post-trading businesses, and hence for the entire Deutsche Börse Group. Since the 10 EU Member States concerned have been unable to date to reach agreement on the tax base, tax rates and technical collection and remittance methods, it is not possible to gauge the concrete impact on the Deutsche Börse Group's business.

Business risk includes the risk that competitors, such as Chicago Mercantile Exchange (CME) and Intercontinental Exchange (ICE) derivatives exchanges or the NASDAQ OMX stock exchange and BATS, might increase their market shares on the European trading markets (both on- and off-exchange).

Innovation in products and systems

The Deutsche Börse Group's ability to innovate by introducing new products and services and the mitigation of project risks related to the successful launch of new products, processes or systems directly affect the competitive position of the Deutsche Börse Group. In order to benefit from economies of scale, the Deutsche Börse Group aims to attract higher trading volumes to its existing platforms. One mechanism used by the Deutsche Börse Group to achieve this is to enter into co-operation with other stock exchanges, which use the Deutsche Börse Group's platforms to execute their trading. Other options are the introduction of new financial instruments into on-exchange trading and to grow inorganically by acquiring entities with complimentary business models.

Furthermore the availability of IT systems and prevention of IT processing errors are key quality issues demanded by customers. The company works constantly to maintain and enhance the technology leadership and stability of its electronic systems in the interests of its customers and the systemic stability of the financial markets. This is why Deutsche Börse AG has significantly overhauled its trading and clearing systems, which go by the trade names T7 and C7. Other technically challenging projects include implementing the European Central Bank's plans to create a uniform, pan-European securities settlement platform (TARGET2-Securities).

While the Deutsche Börse Group cannot influence or control the development of the financial markets, it is able to exert an influence on innovation in products and systems in part or in full and thus limit its exposure to factors outside its control.

Factors Affecting Comparability of Financial Statements

The presentation of historic results of operations of the Deutsche Börse Group was influenced by the following accounting changes:

With effect from 1 January 2015, interest income from CCP was recognised under the item "net interest income from banking business". Clearing houses generate (or incur) interest income (or expenses) by investing the cash collateral provided by customers; previously, interest income or expenses were recognised in the financial result. This change of recognition was due to pricing model adjustments at Eurex Clearing AG from 1 May 2015. The adjusted pricing model provides for interest rate-driven cash collateral placement fees (so-called "cash handling fee"). The previous year's figures were adjusted. This led to an increase in the Deutsche Börse 2014 Financial Statements of the item "net interest income from banking business" by €4.8 million to €37.6 million. Financial income decreased by €9.9 million to €8.8 million, while financial expenses dropped by €5.1 million to €56.7 million.

Acquisitions and Other Transactions

The Deutsche Börse Group made acquisitions and other transactions in the amount of €1,428.4 million in 2015, €153.6 million in 2014 and €30.0 million in 2013. See Part 7: "*Information on the Deutsche Börse Group—Investments—Acquisitions and other transactions*" for more information regarding Deutsche Börse Group's acquisitions.

Sources of Revenue

Revenues of Deutsche Börse Group have been generated from the segments Eurex, Xetra, Clearstream and Market Data + Services.

Eurex

The performance of the Eurex segment largely depends on the derivatives trading activities of institutional investors and proprietary trading by professional market participants. The segment's revenue is generated primarily from the combined transaction fees that Eurex charges for trading and clearing derivatives contracts.

Revenue is primarily driven by the derivatives traded on Eurex Exchange. The main products are equity index derivatives, followed by interest rate derivatives, equity derivatives and U.S. options traded on the ISE. Since 2014, energy products traded on the EEX and its subsidiaries and/or investments, and derivatives based thereon (commodities), have contributed to the segment revenue; Eurex Repo contributed 3 per cent. Furthermore, participation fees paid by trading and clearing participants as well as interest income and expenses generated by the Deutsche Börse Group's clearing houses from investing their clients' cash collateral and fees generated by Eurex Repo contribute to Eurex revenues. 360T has been consolidated since the beginning of October 2015; its revenue is reported as FX related revenues.

Xetra

The performance of the Xetra segment is largely determined by the cash market trading behaviour of institutional investors and proprietary trading by professional market participants. The Xetra segment generates most of its revenue from trading and clearing cash market securities. Other sources of revenue in the Xetra segment include fees generated by Eurex Clearing AG acting as the central counterparty for equities, income from co-operation agreements, revenues generated by Eurex Bonds and listing fees. The revenue of the CCP is determined to a significant extent by trading activities on Xetra. Listing fees predominantly come from existing company listings and admissions to trading.

Clearstream

The revenue of the Clearstream segment is generated from the provision of post-trade infrastructure for bonds, equities and investment funds by Clearstream. In addition, Clearstream offers custody services for securities from 55 markets worldwide. The custody business was the key contributor to the Clearstream segment's revenue. Revenue in this business is mainly driven by the volume and value of securities under custody, which determines the deposit fees. The settlement business depends heavily on the number of settlement transactions processed by Clearstream, both via stock exchanges and OTC. The Global Securities Financing ("**GSF**") business includes triparty repo, GC Pooling, securities lending and a wide range of collateral management services. Net interest income from Clearstream's banking business depends on the prevailing interest rates and the Clearstream customers' cash deposits. Other business activities include reporting services.

Market Data + Services

The revenue of the Market Data + Services segment is comprised of revenue from the Information, Index, Tools and Market Solutions business areas. The segment's core business is the distribution of capital market information, technology and infrastructure services to customers worldwide. These include real-time trading and market signals such as the AlphaFlash algorithmic news feed as well as indices such as EURO STOXX and DAX. Capital market participants subscribe to receive this information, which they then use themselves, process, or pass on. The segment generates much of its revenue on the basis of long-term arrangements with customers and is relatively independent of trading volumes and volatility on the capital markets. The Information business area mainly involves the distribution of licences for real-time trading and market signals and for the provision of historical data to the back offices of financial services providers. The Information business area also includes the Market News International (MNI) subsidiary, a leading provider of news and background information to the global foreign exchange, fixed-income and commodities markets.

Components of Costs

Total costs comprise of volume-related costs and operating costs.

Volume-related costs are comprised of fee and commission expenses from banking business and other volume-related costs. The Deutsche Börse Group manages its performance based on net revenue, which is total revenue less volume-related costs.

Operating costs of Deutsche Börse Group are subdivided into staff costs, depreciation, amortisation and impairment charges and other operating expenses.

Results of operations, financial position and net assets as of first quarter 2016

The following discussion and analysis of the results of operations, financial position and net assets of Deutsche Börse AG should be read in conjunction with the unaudited interim condensed consolidated financial statement of Deutsche Börse AG for the quarter ending on 31 March 2016, which has been prepared in accordance with IFRS and is included in this document. The information contained in this section has been taken from the unaudited interim condensed consolidated financial statement of Deutsche Börse AG for this quarter ending on 31 March 2016 and is therefore unaudited.

Analysis of Results of Operations for the Quarter ended 31 March 2016

Compared to the first quarter of 2015, Deutsche Börse Group's sales revenue increased by 6.6 per cent. The main driver of this development was the Eurex segment with revenue growth of 25.2 per cent., which was due mainly to the commodities business of EEX and high levels of trading activity in equity index derivatives. The Clearstream and Market Data + Services segments achieved solid results, while the cash market business lagged behind the first quarter of the previous year, given the very high trading activity and considerably higher index levels present at that time. The net revenue associated with the changes to the basis of consolidation (as described before) amounted to €21.6 million.

Total costs amounted to €387.0 million in the first quarter of 2016, a year-on-year increase of 14.6 per cent. (Q1/2015: €337.6 million). Volume-related costs increased to €71.1 million in the first quarter of 2016 (Q1/2015: €66.6 million), and operating costs increased by 16.6 per cent. to €315.9 million in the period (Q1/2015: €271.0 million). Operating costs were higher than in the same quarter of the previous year, given increases in non-recurring costs and consolidation effects as compared to the prior year. Non-recurring items increased by €28.4 million year-on-year, to €38.9 million. As expected, these items include integration costs for acquired companies (€6.7 million) as well as fees associated with litigation (€7.2 million) and efficiency measures (€5.5 million). Non-recurring items also include the costs incurred in connection with the planned merger with LSEG (€15.7 million) and the disposal of ISE (€3.8 million).

Consolidation activities incurred costs of €17.6 million in the first quarter of 2016. However, excluding non-recurring and consolidation effects, operating costs remained relatively stable.

Deutsche Börse Group's financial result for the first quarter of 2016 was €-20.2 million (Q1/2015: €5.7 million) and reflects in particular the positive foreign exchange effects of €18.1 million, which is included in the first quarter of 2015, and due to higher interest expenses in the first quarter of 2016, as compared to the previous year, as a result of the acquisition of 360T and STOXX during the course of 2015.

EBIT for the first quarter of 2016 decreased by 1.5 per cent. to €296.2 million (Q1/2015: €300.6 million).

As expected, the adjusted tax rate in the first quarter of 2016 was 27.0 per cent. (Q1/2015: 26.0 per cent.).

The following description of the segmental business development does not account for the divestment of ISE as discontinued operations. As a result, ISE's results are included in the figures below.

Xetra segment

Xetra segment's net revenues decreased by 11.8 per cent. to €43.4 million (Q1/2015: €49.2 million). The operating costs increased to €20.3 million (Q1/2015: €17.8 million) and EBIT also decreased to €23.1 million (Q1/2015: €31.8 million).

The business development on the German cash market lagged behind the previous year's development for all marketplaces, including Xetra, Frankfurt Stock Exchange and Tradegate Exchange. This was in line with the trend on the other European cash markets, which had received significant support from the introduction of ECB's bond acquisition programme during the first quarter of 2015. Market participants did not reduce their trading activities compared to the first quarter of 2015, measured in terms of order executions. However, lower company market valuations in conjunction with modest investor interest led to a decline of the average value of executed orders, which ultimately translated into a decrease in overall trading volumes (calculated as number multiplied by price).

The following table shows key indicators of the Xetra Segment for Q1 2016 and 2015 (IFRS unaudited).

Trading volume (order book turnover, single-counted)	Three months ended 31 March 2016	2015	Change
	(€ billion)		(%)
	(IFRS, unaudited)		
Xetra	355.9	395.2	(9.9)
Frankfurt Stock Exchange[1]	11.6	17.5	(33.7)
Tradegate Exchange	17.8	24.0	(25.8)
Total	**385.3**	**436.7**	**(11.8)**

Note:

(1) Including certificates and warrants.

The floor-traded volume at the Frankfurt Stock Exchange declined by 33.7 per cent. in the first quarter of 2016 to €11.6 billion (Q1/2015: €17.5 billion). There was a decline in trading volumes at Tradegate Exchange, the Berlin-based trading venue for private investors operated by a company in which Deutsche Börse AG has held a majority interest since the beginning of 2010. In the first quarter of 2016, Tradegate Exchange generated a trading volume of €17.8 billion. This represents a decrease of 25.8 per cent. However, in terms of order book turnover, the leading German platform for private investors is still the trading floor of the Frankfurt Stock Exchange, which is to be retained even after its switch to Xetra.

As a result of lower net revenue and higher costs, also on a segment level, EBIT decreased by 27.4 per cent. to €23.1 million (Q1/2015: €31.8 million).

Breakdown of net revenue in the Xetra segment	Three months ended 31 March			
	2016		2015	
	(€ million)	(% of total)	(€ million)	(% of total)
	(IFRS, unaudited)			
Trading	28.9	66.6	34.0	69.1
Equity CCP	7.3	16.8	7.8	15.9
Listing	2.9	6.7	3.3	6.7
Xetra Others(1)	4.3	9.9	4.1	8.3
Total	**43.4**	**100**	**49.2**	**100**

Note:

(1) Revenues from listing which were previously recognized on "Others" (now "Xetra Others") are recognized separately under "Listing".

Eurex segment

In the quarter under review, Eurex' net revenue rose by 25.2 per cent. year-on-year to €313.8 million (Q1/2015: €250.6 million). The Eurex segment was very successful during the first quarter of 2016, even surpassing the strong results achieved in its trading business in Q1/2015. 360T Beteiligungs GmbH, consolidated since the first quarter of 2015, and APX Holding Group (APX), consolidated since the beginning of May 2015, contributed €15.8 million and €5.7 million, respectively, to net revenue.

The operating costs increased by 30.4 per cent. to €159.7 million (Q1/2015: €122.5 million). The consolidation effects amounted to €11.7 million (360T) and €6.0 million (APX).

The sharp increase in EBIT by 17.4 per cent. to €156.0 million is attributable to higher net revenue (Q1/2015: €132.9 million).

Financial derivatives trading volumes increased by 15.4 per cent., to 627.7 million contracts (Q1/2015: 543.8 million contracts), 467.6 million of which were attributable to European derivatives (an increase of 12.3 per cent.), and 160.1 million to US options, which are traded at ISE (an increase of 25.5 per cent.). Index derivatives remained the European product group with the strongest net revenue and the biggest growth rate, in particular futures and options based on EURO STOXX index products, with a combined number of 197.1 million contracts, used for hedging purposes across all asset classes.

Trading in interest rate derivatives increased by 6.3 per cent. year-on-year despite the persistently low key interest rates and the continued significant purchases of government bonds by the ECB. Equity derivatives were traded at a slightly higher volume in the first quarter 2016 as compared to the prior-year quarter (an increase of 2.7 per cent.).

The number of U.S. options contracts traded on ISE rose by 25.5 per cent. year-on-year in the first quarter of 2016, to 160.1 million. Thus, ISE achieved a considerable increase in an overall slightly growing market environment, maintaining its position as the fourth largest options exchange in the United States.

The EEX group was able to markedly grow its commodities business. The growth rate was mainly due to the increased power derivatives market share, in particular in Germany, France and Italy. On its core market, the German power derivatives market, EEX grew despite the overall declining market volume. Clients were particularly attracted by the integrated clearing solution and the geographical expansion of the product range. The EEX group was also able to achieve growth in the trading of natural gas products, given new products and the high pricing quality—in February 2016, the volume traded on the PEGAS platform surpassed 200 TWh for the first time.

Regarding foreign exchange trading on the 360T platform, daily volumes increased as well. In the period under review, 360T's average growth rate was stronger than that of comparable FX trading platforms.

Contract volumes in the derivatives markets	Three months ended 31 March 2016	2015	Change
	(million contracts) (IFRS, unaudited)		(%)
European equity index derivatives[1]	255.7	214.4	19.3
European equity derivatives[1]	76.8	74.8	2.7
European interest rate derivatives	131.7	123.9	6.3
Total European derivatives (Eurex)[2]	**467.6**	**416.2**	**12.3**
U.S. options (ISE)	160.1	127.6	25.5
Total Eurex and ISE	**627.7**	**543.8**	**15.4**

Notes:

(1) Dividend derivatives have been allocated to the equity index and equity derivatives.

(2) The total shown does not equal the sum of the individual figures as it includes other traded derivatives such as ETF, volatility, agricultural, precious metals and emission derivatives.

Breakdown of net revenue in the Eurex segment	Three months ended 31 March 2016		2015	
	(€ million)	(% of total)	(€ million)	(% of total)
	(IFRS, unaudited)			
European index derivatives	124.5	39.7	102.8	41.0
European interest rate derivatives	47.3	15.1	45.6	18.2
European equity derivatives	9.9	3.2	9.9	4.0
ISE	38.0	12.1	35.4	14.1
EEX[1]	55.0	17.5	40.3	16.1
360T	15.8	5.0	0	0
Other	23.3	7.4	16.6	6.6
Total	**313.8**	**100**	**250.6**	**100**

Notes:

(1) The net revenue from EEX-connection is switched from Market Data + Services segment to the Eurex segment.

Clearstream segment

Net revenues had a slight decrease by 1.8 per cent. year-on-year to €187.3 million (Q1/2015: €190.8 million) while the operating costs of the Clearstream segment rose by 6.7 per cent. to €106.3 million (Q1/2015: €99.6 million). EBIT decreased by 10.9 per cent. to €81.3 million (Q1/2015: €91.2 million).

While the Clearstream segment was able to slightly increase its share in securities under custody in the ICSD business, the domestic CSD business and the funds business declined as a result of general developments on the German cash and funds markets. In the international business, the value of securities held in custody increased slightly. However, the number of transactions declined year-on-year due to the lower trading activity of market participants. In the custody business, the average value of assets under custody in the first quarter 2016 decreased by 1.5 per cent. year-on-year to €13.0 trillion (Q1/2015: €13.2 trillion). The value of both international securities (ICSD) rose slightly while the domestic securities (CSD) business decreased. Due to continuing organic growth in its international bond business and gains in market share, Clearstream increased the average value of assets under custody by 1.5 per cent. to €6.7 trillion (Q1/2015: €6.6 trillion). The average value of domestic securities deposited decreased by 6.5 per cent. to €5.8 trillion (Q1/2015: €6.2 trillion).

Average cash customer deposits were down 3.0 per cent. to €12.9 billion compared to the previous year (Q1/2015: €13.3 billion). However, since 47 per cent. of the daily cash balances are denominated in U.S. dollars, increases in interest rates in the United States lead to an increase in net interest income from the banking business by 40 per cent. The domestic CSD business closely reflects the business development on the German cash market: the declining trading activity led to a decline in settlement volumes and—compared to the previous year—significantly lower index levels, which ultimately translated into a reduction in value of the assets under custody. The Investment Funds Services ("**IFS**") business development was in line with general market trends, which were slightly declining as well. In the GSF business, the average outstanding volume decreased by 15.6 per cent. to €530.2 trillion (Q1/2015: €628.4 trillion). After the ECB provided significant liquidity on the market as part of its quantitative easing programme, volumes declined considerably, in particular with regard to the GC Pooling product. Simultaneously, orders shifted towards smaller lending volumes with higher pricing, leading to an overall increase in net revenue for the GSF business.

The following table shows key indicators of the Clearstream segment for Q1 2016 and 2015 (IFRS, unaudited).

	Three months ended 31 March		
	2016	2015	Change
	(€ trillion)		(%)
Custody			
Value of securities deposited (average value)	13.0	13.2	(1.5)
International (ICSD)	6.7	6.6	1.5
Domestic (CSD)	5.8	6.2	(6.5)
Investment Fund Services	0.5	0.4	13.4
Global Securities Financing			
Outstanding volume (average value)	530.2	628.4	(15.6)
Average daily cash balances	12.9	13.3	(3.0)

	Three months ended 31 March			
Breakdown of net revenue in the Clearstream segment	2016		2015	
	(€ million)	(% of total)	(€ million)	(% of total)
	(IFRS, unaudited)			
ICSD(1)	111.5	59.5	109.6	57.4
CSD(1)	29.5	15.8	33.0	17.3
IFS(1)	29.2	15.6	31.6	16.6
GSF	17.1	9.1	16.6	8.7
Total(1)	**187.3**	**100**	**190.8**	**100**

Notes:

(1) The custody and settlement fees are broken down into (i) international business (ICSD), (ii) domestic business (Germany, CSD) and (iii) Investment Funds Services (IFS). Prior to this breakdown only the line item "Custody and Settlement" was reported.

Market Data + Services segment

In the quarter under review Market Data + Services net revenue declined by 5.0 per cent. year-on-year to €104.0 million (Q1/2015: €109.5 million).

Operating costs remained stable at €53.8 million in the first quarter of 2016 (Q1/2015: €53.1 million).

The segment's EBIT was €50.2 million for the first quarter of 2016 (Q1/2015: €56.4 million).

The weaker business development in Q1/2016 partially explains the segment's net revenue development. In addition, the decline compared to the first quarter of 2015 was attributable to non-recurring effects: in the previous year, audit income was concentrated on the first quarter, and decreased by €6.6 million year-on-year in Q1/2016. In addition, EEX connection net revenues have been allocated to the Eurex segment since the first quarter of 2016, prior-year figures have been adjusted accordingly.

The segment's business divisions have been subject to restructuring: since 1 January 2016, the three business areas Data Services, Index, and Infrastructure Services have replaced the former business areas Information, Index, Tools, and Market Solutions. Net revenue grew by 3.6 per cent. in the Index business area, driven mainly by the 19 per cent. increase in trading volume of index contracts in the Eurex segment. AUM in ETFs grew by 3 per cent. despite lower index levels. Net revenue with structured products was below the level of the previous year. In the Data Services business area (formerly Information), net revenue declined, which was particularly due to the deteriorating number of audits year-on-year. Current business was stable at Infrastructure Services—the slightly negative differences were attributable to non-recurring effects.

Breakdown of net revenue in the Market Data + Services segment	Three months ended 31 March 2016 (€ million)	2016 (% of total)	2015 (€ million)	2015 (% of total)
	(IFRS, unaudited)			
Index Services	28.9	27.8	27.9	25.5
Data Services(1)(2)	41.3	39.7	46.2	42.2
Infrastructure Services(3)	33.8	32.5	35.4	32.3
Total(4)	**104**	**100**	**109.5**	**100**

Notes:

As compared to Q1 2015, the following reorganisations are reflected in the results for Q1 2016:

(1) The Information business segment was renamed Data Services.

(2) Reassignment of net revenue from regulatory services, from Tools business segment to Data Services business segment.

(3) Merger of the Tools and Market Solutions business segments into Infrastructure Services.

(4) EEX connection net revenues are reassigned to the Eurex segment.

Results of Operations for the Years ended 31 December 2015, 2014 and 2013

The following table shows the consolidated results of operations of the Deutsche Börse Group for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December 2015	2014(1)(2)	2013
		(€ million) (audited)	
Consolidated Results of Operations (IFRS)			
Sales revenue	2,722.8	2,347.8	2,160.3
Net interest income from banking business	50.6	37.6	35.9
Other operating income	23.6	23.1	20.6
Total revenue	2,797.0	2,408.5	2,216.8
Volume-related cost	(429.6)	(360.7)	(304.5)
Net revenue (total revenue less volume-related costs)	**2,367.4**	**2,047.8**	**1,912.3**
Staff costs	(640.7)	(472.4)	(476.0)
Depreciation, amortisation and impairment charges	(143.7)	(124.8)	(118.8)
Other operating expenses	(591.2)	(517.6)	(588.0)
Operating costs	**(1,375.6)**	**(1,114.8)**	**(1,182.8)**
Result from equity investments	0.8	78.3	9.3
Earnings before interest and tax (EBIT)	**992.6**	**1,011.3**	**738.8**
Financial income	1.2	8.8	5.7
Financial expenses	(63.6)	(56.7)	(76.4)
Earnings before tax (EBT)	**950.2**	**963.4**	**668.1**
Other tax	(1.6)	(1.4)	1.1
Income tax expense	**(247.4)**	**(173.5)**	**(171.8)**
Net profit for the period	701.2	788.5	495.2
thereof shareholders of parent company (net income)	665.5	762.3	478.4
thereof non-controlling interests	35.7	26.2	16.8

Notes:

(1) As adjusted to reflect change in accounting policy. See Note 3 to the Deutsche Börse 2015 Financial Statements.

(2) The figures were taken from Deutsche Börse's 2015 Financial Statements.

Sales revenue

The Deutsche Börse Group's sales revenue increased from €2,160.3 million in 2013 by 8.7 per cent. to €2,347.8 million in 2014. Whereas the first nine months in 2014 were dominated by extremely low stock market volatility, volatility increased from September onwards, providing the basis for a successful last quarter in 2014. However other cyclical factors, such as the continuing low interest rate policies pursued by the central banks, continued to weigh on parts of the business, e.g. the interest rate derivatives traded on Eurex. The increase in sales revenue was also driven by the consolidation of EEX since 1 January 2014 and Clearstream Global Securities Services Limited since 3 October 2014. Adjusted for the inorganic growth contributed by these companies sales revenue increased from €2,160.3 million in 2013 by 4.9 per cent. to €2,265.2 million in 2014.

Sales revenue further increased from €2,347.8 million in 2014 by 16.0 per cent. to €2,722.8 million in 2015. Sales revenue in 2015 was driven by significant growth rates in the Eurex (+27 per cent.) and Xetra (+14 per cent.) trading segments with the post-trading and market data businesses also contributing solid increases. Some of the growth was accounted for by companies that were newly included in the Deutsche Börse Group's scope of consolidation: Powernext (including EPEX and its subsidiaries), APX Holding Group, Clearstream Global Securities Services (CGSS) and 360T. Without these consolidation effects, sales revenue increased from €2,265.2 million in 2014 by 15 per cent. to €2,605.2 million in 2015.

A detailed analysis of the development of the results of operations by segment is included in the section "*Analysis of Results of Operations Per Segment*" below.

Total revenue

In addition to sales revenue, total revenue includes net interest income from banking business and other operating income.

Net interest income from banking business increased considerably from €35.9 million in 2013 by 4.7 per cent. to €37.6 million in 2014 and by a further 34.6 per cent. to €50.6 million in 2015. Since 2015, net interest income from banking businesses has included interest income and expenses in the Eurex segment, on top of income generated in the Clearstream segment. The 2014 figure for net interest income from banking business has been restated accordingly. This relates to income which the clearing houses generate by investing cash collateral posted by their clients.

The Eurex segment contributed €4.8 million in 2014 and €16.5 million in 2015 to the net interest income from banking business. The 2013 figure for net interest income from banking business figure has not been restated as the net interest income contribution of Eurex Clearing recognised in the financial result amounted to merely €0.1 million.

The Clearstream segment contributed €34.1 million in 2015, €32.8 million in 2014 and €35.9 million in 2013 to the net interest income from banking business. Despite prevailing low key interest rates, net interest income from banking business in the Clearstream segment also rose slightly in 2015 compared to the previous year's figure, as a result of the continued increase in Clearstream's cash client deposits. In 2014, the impact of the persistently low interest rates could not be offset by an increase in customer cash deposits.

Other operating income increased from €20.6 million in 2013 by 12.1 per cent. to €23.1 million in 2014. A further increase by 2.2 per cent. to €23.6 million was recognised in 2015.

Total costs

Total costs of the Deutsche Börse Group include volume-related costs, staff costs, depreciation, amortisation and impairment charges and other operating expenses in all financial years.

Approximately 75 per cent. of the Deutsche Börse Group's costs are fixed costs (excluding special factors). As a result, the Deutsche Börse Group can handle higher volumes of business without a significant increase in costs. Conversely, a decline in business volumes has a direct impact on the Deutsche Börse Group's profitability. Approximately 25 per cent. of the Deutsche Börse Group's costs are volume-related costs. One of the main factors affecting total costs was staff costs.

Total costs slightly decreased from €1,487.3 million in 2013 by 0.8 per cent. to €1,475.5 million in 2014.

While volume-related costs increased by €56.2 million in 2014, mainly due to an increase of sales revenue, operating costs declined by €68.0 million. However, the operating costs included non-recurring items totalling €215.2 million in 2013, of which €86.2 million was incurred primarily for the launch of a programme to increase operational efficiency in 2013, while an amount of €129.0 million in Clearstream segment was incurred to settle proceedings brought by the U.S. Office of Foreign Assets Control. In 2014, non-recurring items amounted to €46.0 million, primarily composed of efficiency programme costs (€17.4 million), merger and acquisition costs (€9.4 million), costs incurred as a result of criminal investigations against Clearstream Banking S.A. in the United States (€7.4 million) and costs of €5.1 million in connection with the expiration of Reto Francioni's CEO contract. Adjusted for these non-recurring items the operating costs would have amounted to €967.6 million in 2013 and to €1,068.8 million in 2014. In 2015, total costs increased by 22.3 per cent. to €1,805.2 million.

Volume-related costs further increased in 2015 by 19 per cent. due to an increase in sales revenue. Operating costs increased by 23 per cent. year-on-year in the reporting period to €1,375.6 million (2014: €1,114.8 million). They included non-recurring items in a total amount of €126.8 million, including €65.4 million for efficiency programmes and restructuring measures, €38.7 million mainly for the integration of acquired companies, and €22.7 million largely related to criminal proceedings against Clearstream Banking S.A. in the United States. Adjusted for these non-recurring items, operating costs increased by 17 per cent. to €1,248.8 million (2014: €1,068.8 million). The following factors were the key drivers for the year-on-year increase in total costs in 2015:

- Operating costs rose by €89.8 million, due to the full consolidation of Powernext (including EPEX and its subsidiaries), APX Holding Group, CGSS, 360T and Indexium.
- Currency translation effects, especially caused by the weakness of the euro against the U.S. dollar, created additional operating costs in the amount of €32.7 million.
- The higher Deutsche Börse AG share price caused steeper expenses for remuneration components linked to the share price. Moreover, thanks to the successful financial year, the Deutsche Börse Group paid out higher bonuses to its employees. Aggregate remuneration effects totalled €31.5 million. Investments in growth projects and infrastructure, in particular for Eurex's and Clearstream's growth initiatives, increased by €12.9 million.

Within the scope of its "Accelerate" growth strategy, in 2015 the Deutsche Börse Group introduced principles for managing operating costs. The core element of these principles is to ensure the scalability of the Deutsche Börse Group's business model. To this end, the Deutsche Börse Group aims to continuously manage operating costs in relation to the development of net revenue, by specifying ranges for operating costs to rise as compared to net revenue growth.

Essentially, the Deutsche Börse Group achieves the necessary flexibility in managing operating costs through two different initiatives designed to enhance operating efficiency. Firstly, the Deutsche Börse Group has implemented a continuous process to improve operating efficiency by focusing even more on client needs in order to further enhance quality and efficiency of the services offered. At the same time, internal Deutsche Börse Group processes will be simplified, generating costs savings expected to amount to roughly €5 million in 2015. Aggregate savings are targeted to rise to €50 million by 2018. Secondly, the Deutsche Börse Group resolved a series of structural cost reduction measures during the reporting period, and already commenced implementation. To this end, the Deutsche Börse Group's management structure was streamlined by removing hierarchical levels, in order to boost decision-making speed and agility. Operating efficiency will be further enhanced through a merger of functions into competence centres, and further improvements in purchasing and procurement. The Deutsche Börse Group is looking to generate savings of approximately €50 million during the forecast period. Overall, the Deutsche Börse Group will thus create €100 million in additional investment capacity through savings by 2018. The Deutsche Börse Group is expecting that operating costs will be affected by exceptional items of some €75 million. One half is due to efficiency measures and costs related to criminal proceedings against Clearstream Banking S.A. in the United States. The second half is related to mergers and acquisitions, in particular to the integration of companies acquired in 2015.

The increase in staff costs from €476.0 million in 2013 by 35 per cent. to €640.7 million in 2015 was driven by the costs of efficiency programmes amounting to €62.6 million in 2013, €11.7 million in 2014 and €61.1 million in 2015 and a significant increase in the average number of employees. While in 2013 3,515 employees were employed on average by the Deutsche Börse Group, in 2015 the average increased to 4,643 employees. This increase was mainly the result of the above mentioned consolidation effects.

Depreciation, amortisation and impairment losses increased from €118.8 million in 2013 by 5.1 per cent. to €124.8 million in 2014 and further 15.1 per cent. to €143.7 million in 2015. Impairment charges of

€0.6 million in 2013 and €4.3 million in 2015 had to be recognised with regards to self developed software. In 2014 no impairments for software occurred. Adjusted for the impairment charges, the depreciation, amortisation and impairment losses amounted to €118.8 million in 2013, to €124.8 million in 2014 and to €143.7 million in 2015. The increase was primarily driven by higher investments in intangible assets and property, plant and equipment in connection with the Deutsche Börse Group's growth initiatives and infrastructure measures.

Other operating expenses slightly decreased from €588.0 million in 2013 by 12.0 per cent. to €517.6 million in 2014 followed by considerable increase by 14.2 per cent. to €591.2 million in 2015. Adjusted for the non-recurring items of €147.2 million in 2013, €31.4 million in 2014 and €62.8 million in 2015, other operating costs rose from €440.8 million in 2013 by 20 per cent. to €528.4 million in 2015, driven primarily by an increase in advisory services, as well as by higher costs for infrastructure operations. In 2013 the non-recurring items related mainly to the settlement of the OFAC proceedings, whereas in 2014 and 2015 they related to cost efficiency programmes (2014: €9.6 million; 2015: €9.3 million) and to mergers and acquisitions and the integration (2014: €14.4 million; 2015: €30.5 million).

Result from equity investments

The result from equity investments increased from €9.3 million in 2013 to €78.3 million in 2014. In 2014, this profit was generated by the remeasurement of the equity investment in Direct Edge Holdings, LLC in connection with the business combination of Direct Edge Holdings, LLC and BATS Global Markets, Inc. and of interest in EEX.

The result from equity investments decreased from a profit of €78.3 million in 2014 to a profit of €0.8 million in 2015. The high result from equity investments in 2014 is attributable in particular to non-recurring income items in connection with the merger of Direct Edge Holdings, LLC and BATS Global Markets, Inc. at the end of January 2014 as well as the retrospective adjustment of the fair value of the consideration transferred as a result of the acquisition of EEX as at 1 January 2014. Adjusted for these exceptional items, the result from equity investments in 2014 amounted to €8.6 million; the adjusted result of equity investments in 2015 amounted to €5.4 million. As a result of the consolidation of EEX and Scoach, these companies no longer contribute to the result from equity investments.

EBIT

EBIT increased from €738.8 million in 2013 to €1,011.3 million in 2014. Adjusted for non-recurring items, Deutsche Börse Group generated an EBIT of €987.6 million in 2014, which corresponded to an increase of 3 per cent. on the previous year 2013, when Deutsche Börse Group generated an EBIT of €954.0 million.

EBIT decreased from €1,011.3 million in 2014 to €992.6 million in 2015. Adjusted for non-recurring items, EBIT increased from €987.6 million by 14 per cent. to €1,124.0 million, which was mainly due to the total revenue increase of €388.5 million.

Financial Result

The financial result (calculated as the net amount of financial income and financial expenses) increased from a loss of €70.7 million in 2013 by 32 per cent. to a loss of €47.9 million in 2014 mainly due to the refinancing of the Deutsche Börse Group's long-term financial liabilities, which was completed in the second quarter of 2013. The successful placement of corporate bonds in March 2013 and in October 2012 allowed Deutsche Börse AG to refinance its outstanding non-current liabilities maturing in 2013 on more favourable terms. 2014 was the first year in which the significant reduction in financial expenses for such liabilities had a positive effect for the full year.

The financial result increased from a loss of €47.9 million in 2014 by 11 per cent. to a loss of €42.4 million in 2015, which can be attributed to a positive impact from currency valuation in the amount of €14.2 million. These effects offset higher consolidated interest expenses of €1.1 billion in additional debt, which Deutsche Börse AG raised during the second half of 2015 in order to finance the acquisitions of STOXX and 360T.

Income tax expense

The increase of income tax expense from €171.8 million in 2013 to €173.5 million in 2014 and to €247.4 million in 2015 was mainly due to an increase in EBIT.

The following table shows income tax expense detail for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Income tax expense (IFRS)			
Current income taxes			
of the current year	245.6	226.9	181.0
from previous years	(1.4)	(4.6)	(11.3)
Deferred tax income/expense on temporary differences	3.2	(48.8)	2.1
Income tax expense	**247.4**	**173.5**	**171.8**

The following table shows the reconciliation between the expected and the reported income tax expense for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Reconciliation between the expected and the reported income tax expense (IFRS)			
Expected income taxes derived from earnings before tax(1)	247.1	250.5	173.7
Tax losses utilised and loss carryforwards not recognised for tax purposes	0.7	7.8	5.9
Recognition of deferred taxes in respect of unrecognised tax loss carryforwards	(7.5)	(55.0)	(0.8)
Tax increases due to other non-tax-deductible expenses	11.0	12.0	6.7
Effects resulting from different tax rates	9.7	(6.6)	0.8
Effects from changes in tax rates	(0.1)	(0.0)	(0.0)
Tax decreases due to dividends and income from the disposal of equity investments	(13.7)	(31.5)	(9.8)
Exchange rate differences	0	0	8.2
Other	1.6	0.9	(1.5)
Income tax expense arising from current year	**248.8**	**178.1**	**183.2**
Prior-period income taxes	(1.4)	(4.6)	(11.4)
Income tax expense	**247.4**	**173.5**	**171.8**

Note:

(1) Both corporate earnings before tax of €963.4 million as well as income tax expense of €173.5 million in 2014 include the non-recurring items resulting from the merger of Direct Edge Holdings, LLC and BATS Global Markets, Inc. amounting to €63.0 million and €26.1 million, respectively.

Analysis of Results of Operations Per Segment for the Years ended 31 December 2015, 2014 and 2013

Eurex Segment

The following table shows the results of operations of the Eurex segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Results of Operations Eurex Segment (IFRS)			
Total sales revenue	**1,208.7**	**953.5**	**850.0**
Net interest income from banking business	16.5	4.8	0.0[(1)]
Other operating income	14.2	17.2	13.5
Total revenue	**1,239.4**	**975.5**	**863.5**
Volume-related costs	(214.2)	(168.1)	(122.8)
Net revenue (total revenue less volume-related costs)	**1,025.2**	**807.4**	**740.7**
Staff costs	(256.5)	(165.0)	(143.2)
Depreciation, amortisation and impairment charges	(81.4)	(62.7)	(53.6)
Other operating expenses	(261.9)	(226.0)	(196.4)
Operating costs	**(599.8)**	**(453.7)**	**(393.2)**
Result from equity investments	3.9	77.9	5.1
Earnings before interest and tax (EBIT)	**429.3**	**431.6**	**352.6**
Net financial result	(45.1)	(44.2)	(62.6)
Earnings before tax (EBT)	**384.2**	**387.4**	**290.0**
Investment in intangible assets and property, plant and equipment	71.5	60.5	53.9
Employees (as at 31 December)	1,865	1,332	1,018
EBIT margin (in %)	**42**	**53**	**48**

Note:

(1) Interest income from CCP is recognised under net financial result in 2013.

Sales revenue

The following table shows the sales revenue of the Eurex segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Eurex segment sales revenue (IFRS)			
Equity index derivatives	438.3	379.2	349.7
Interest rate derivatives	184.4	166.2	183.9
U.S. options	243.4	199.1	180.8
Commodity derivatives	180.7	73.1	0
Repurchase agreements	27.8	37.5	34.2
Equity derivatives	39.7	37.5	41.9
FX derivatives	15.8	0	0
Other	78.6	60.9	59.5
Segment sales revenue	**1,208.7**	**953.5**	**850.0**

Sales revenue increased from €850.0 million in 2013 by 12 per cent. to €953.5 million in 2014, mainly caused by the first time consolidation of European Energy Exchange AG since 1 January 2014 with sales revenues of €72.4 million, a significant increase in sales revenue from equity index derivatives of 8 per cent. and U.S. options 10 per cent., while sales revenue from interest rate derivatives decreased by 10 per cent. Increase in sales revenue of U.S. options was more than offset by an increase in volume-related costs of 30 per cent.

In 2014, Eurex equity index derivatives were the product group with the highest trading volume. Trading of these derivatives increased by 10 per cent. to 715.0 million contracts (2013: 649.8 million). The increase was primarily due to higher volatility in the fourth quarter compared with the previous year. Contracts on the EURO STOXX 50 index were by far the most commonly traded products (293.8 million futures and 241.3 million options). In addition, various sector indices are increasingly receiving improved market acceptance, leading to broader diversification of the net revenue Eurex generates from trading in equity index derivatives. This amounted to €344.8 million in 2014, an increase of 6 per cent. on the previous year (2013: €325.3 million).

The volume of Eurex's equity derivatives contracts (single-stock options and futures) traded in 2014 dropped by 21 per cent. to 303.5 million (2013: 385.8 million). Trading volumes in the interest rate derivatives product group on Eurex fell 9 per cent. to 461.3 million contracts (2013: 509.6 million). This was impacted by the interest rate policy pursued by the ECB, which cut its deposit rate for banks to −0.20 per cent. Market participants on the U.S. options exchanges ISE and ISE Gemini traded 607.4 million contracts in the year 2014 (2013: 638.8 million).

Power trading of commodity derivatives at European Energy Exchange AG increased by 24 per cent. in 2014 to 1,570.4 TWh (2013: 1,264.0 TWh). Trading of gas products increased by 155 per cent. to 568.0 TWh (2013: 222.9 TWh). In emission rights trading, 533.7 million tonnes of CO2 were traded, a year-on-year decrease of 37 per cent. (2013: 850.3 million tonnes of CO2).

Sales revenue increased from €953.5 million in 2014 by 27 per cent. to €1,208.7 million in 2015 as a result of increasing revenue in all major categories of derivatives trading. Revenue is primarily driven by the derivatives traded on Eurex Exchange. Equity index derivatives accounted for 36 per cent. of revenue, interest rate derivatives accounted for 15 per cent. and equity derivatives accounted for 3 per cent. U.S. options traded on the ISE accounted for 20 per cent. of sales revenue. Energy products traded on the EEX and its subsidiaries and/or investments, and derivatives based thereon (commodities), accounted for 15 per cent. of sales revenue. Eurex Repo accounted for 2 per cent. The "other" item (7 per cent.) includes, among other, participation fees paid by trading and clearing participants. 360T has been consolidated since the beginning of October 2015. Its revenue is reported under the new item FX derivatives.

In 2015, the derivatives market benefited from a more favourable trading environment overall, as higher volatility—compared to the previous year—increased market participants' hedging needs. As a results of their broad product portfolio, Deutsche Börse Group's derivatives exchanges are able to offer investors suitable instruments. Higher trading activity by market participants was also bolstered by investors' renewed confidence in European capital markets. Nonetheless, the macro-economic environment continued to hold challenges: low key interest rates, the persistently fragile economic situation in the euro zone and the low inflation and, in some cases, deflationary tendencies. For market participants, the implications of the regulatory reform projects in the financial services industry are costs of structural changes as well as adjustments to their business models in some cases. Higher capital requirements—compared to former years—and stricter rules governing proprietary trading provide additional barriers to investors.

In total, 2,272.4 million contracts were traded on Deutsche Börse Group's derivatives exchanges (Eurex Exchange and ISE) in 2015, a year-on-year increase of 8 per cent. (2014: 2,097.9 million). This is equivalent to a daily average of approximately 9.0 million contracts (2014: 8.3 million). Eurex generated a trading volume of 1,672.6 million futures and options contracts, up 12 per cent. on the previous year (2014: 1,490.5 million). Trading in U.S. options on ISE remained almost stable at 599.8 million contracts (2014: 607.4 million). Commodities trading flourished, recording a 95 per cent. growth rate for power products and an 81 per cent. growth rate for gas products, while average outstanding volumes in the repo business decreased by 20 per cent. to €172.8 billion (2014: €214.6 billion).

Total costs of segment

Total costs increased from €516.0 million in 2013 by 21 per cent. to €621.8 million in 2014. Adjusted for non-recurring items, such as costs for efficiency programmes, of €23.2 million in 2013 and of €14.9 million in 2014, costs increased from €492.8 million in 2013 by 23 per cent. to €606.9 million in 2014.

Staff costs increased from €143.2 million in 2013 by 12 per cent. to €165.0 million in 2014 mainly due a higher number of employees on average. Adjusted for the cost of efficiency programmes in 2014 amounting to €3.7 million (2013: €15.8 million), staff costs per employee decreased from €125 thousand in 2013 by 3 per cent. to €121 thousand in 2014.

Total costs increased from €621.8 million by 31 per cent. to €814.0 million in 2015 mainly due to higher staff costs and other operating expenses. Adjusted for the non-recurring items, costs amounted to €762.2 million in 2015, an increase of 26 per cent. compared to 2014. Staff costs increased from €165.0 million in 2014 by 55 per cent. to €256.5 million in 2015 mainly due to an increase in the number of staff. Staff costs per employee remained at the same level comparing the years 2014 and 2015. In 2014 and 2015, staff costs per employee amounted to €121 thousand.

EBIT

EBIT increased from €352.6 million in 2013 to €431.6 million in 2014 because the increase in sales revenue exceeded the increase in total costs. The significant improvement in the result from equity investments from €5.1 million in 2013 to €77.9 million in 2014 was driven by the non-recurring remeasurement effects of €62.7 million. Adjusted for all non-recurring items, the Eurex segment had an EBIT of €376.8 million in 2014.

The Eurex segment EBIT slightly decreased from €431.6 million in 2014 to €429.3 million in 2015. Adjusted for the non-recurring items, the Eurex segment had an EBIT of €480.3 million in 2015.

Xetra Segment

The following table shows the results of operations of the Xetra segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	**2014**	**2013**
		(€ million) **(audited)**	
Results of Operations Xetra Segment (IFRS)			
Total sales revenue	211.1	184.7	172.0
Other operating income	6.8	8.9	8.9
Total revenue	**217.9**	**193.6**	**180.9**
Volume-related costs	(33.1)	(31.7)	(29.2)
Net revenue (total revenue less volume-related costs)	**184.8**	**161.9**	**151.7**
Staff costs	(41.2)	(34.7)	(45.9)
Depreciation, amortisation and impairment charges	(4.9)	(6.0)	(9.4)
Other operating expenses	(34.9)	(33.6)	(39.9)
Operating costs	**(81.0)**	**(74.3)**	**(95.2)**
Result from equity investments	(3.2)	0.4	4.0
Earnings before interest and tax (EBIT)	**100.6**	**88.0**	**60.5**
Net financial result	0.9	(1.4)	(2.6)
Earnings before tax (EBT)	**101.5**	**86.6**	**57.9**
Investment in intangible assets and property, plant and equipment	2.1	1.6	3.2
Employees (as at 31 December)	326	305	331
EBIT margin (in %)	**54**	**54**	**40**

Sales revenue

The following table shows the external sales revenue of the Xetra segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	**2014**	**2013**
		(€ million) **(audited)**	
Xetra segment sales revenue (IFRS)			
Trading	146.5	124.7	115.3
Clearing and settlement fees	41.3	36.1	34.5
Other	23.3	23.9	22.2
Segment sales revenue	**211.1**	**184.7**	**172.0**

Sales revenue in the Xetra segment rose by 7 per cent. to €184.7 million in 2014 and by 14 per cent. to €211.1 million in 2015.

The Xetra segment generates most of its sales revenue from trading and clearing cash market securities. The primary sales revenue driver, accounting for 69 per cent. in 2015 (68 per cent. in 2014 and 67 per cent. in 2013), was sales revenue from trading. The CCP for equities and exchange-traded products (ETP) operated by Eurex Clearing AG contributed 20 per cent. in 2015 and in previous years to the segment's sales revenue; the sales revenue of the CCP is determined to a significant extent by trading activities on Xetra. The "other" item (11 per cent. in 2015 and 13 per cent. in previous years of sales revenue) comprises listing fees and the sales revenue generated by Eurex Bonds. Listing fees predominantly come from existing company listings and admissions to trading.

Cash market trading activity was stimulated by persistent high volatility, as well as by a combination of key interest rates at record lows and by the ECB's quantitative easing programme. In contrast, the fragile state of the euro zone economy and the debt crisis (affecting Greece in particular) burdened trading, but this was more than offset by other positive factors. Investors who had withdrawn capital from Europe over recent years started to increase their exposure to Europe (and Germany) again. In particular, this applied to investors expecting an increase in key interest rates in the U.S. (which materialised in December 2015), as well as to those withdrawing funds from the unstable Chinese market. In this context, investments in Germany are particularly attractive due to the sound profitability of German enterprises and the stable economic environment.

In 2015, securities with a total volume of €1.64 trillion were traded on Deutsche Börse Group's cash markets (2014: €1.28 trillion, 2013: €1.16 trillion). They included shares and bonds from German and international issuers, ETF and ETCs as well as units in actively managed retail funds and structured products.

Institutional, private and international investors primarily trade on Xetra, the electronic trading platform. As a result, Xetra generates by far the segment's highest trading volume. This volume (measured in terms of order book turnover, single-counted) rose by 28 per cent. in the year 2015 to €1,505.8 billion (2014: €1,179.9 billion, 2013: €1,058.2 billion). The number of transactions increased by 24 per cent. to 251.9 million (2014: 203.1 million, 2013: 191.2 million). The average value per Xetra transaction rose to €12.0 thousand (2014: €11.6 thousand, 2013: €11.0 thousand). In addition to Xetra, Deutsche Börse AG operates trading at the Frankfurt Stock Exchange and holds a 75 per cent. interest and one share in Tradegate Exchange. The volume (single-counted) traded on the Frankfurt Stock Exchange was €54.6 billion (2014: €51.6 billion, 2013: €46.0 billion). The trading volume generated by Tradegate Exchange increased by 47 per cent. to €75.3 billion in 2015 (2014: €51.1 billion) after an in increase by 13 per cent. from 2013 (€45.3 billion) to 2014.

Total costs of segment

Total costs decreased from €124.4 million in 2013 by 14.8 per cent. to €106.0 million in 2014 and increased by 7.6 per cent. to €114.1 million in 2015.

Operating costs decreased from €95.2 million in 2013 by €20.9 million to €74.3 million in 2014 and increased by €6.7 million to €81.0 million in 2015 mainly due to a significant reduction in 2014 and increase in 2015 of staff costs. The development in staff costs is in line with the number of employees, which reduced from 331 in 2013 to 305 in 2014 and increased to 326 employees in 2015.

Staff costs amounted to €34.7 million in 2014 and to €45.9 million in 2013. Adjusted for the cost of efficiency programmes in 2014 amounting to €0.4 million (2013: €6.5 million), staff costs per employee decreased from €119 thousand in 2013 by 6 per cent. to €113 thousand in 2014.

Staff costs amounted to €41.2 million in 2015 and to €34.7 million in 2014. Adjusted for the cost of efficiency programmes in 2014 amounting to €3.0 million, staff costs per employee increased from €113 thousand in 2014 by 4 per cent. to €117 thousand in 2015.

EBIT

EBIT increased from €60.5 million in 2013 by €27.5 million to €88.0 million in 2014 and by €12.6 million to €100.6 million in 2015. Adjusted for non-recurring items, EBIT amounted to €68.6 million in 2013, €88.8 million in 2014 and to €109.9 million in 2015. The increase in 2014 was mainly due to higher sales revenues and lower costs in staff costs and other operating expenses, whereas the increase in 2015 was mainly caused by higher sales revenues while the costs kept almost on the previous year level.

Clearstream Segment

The following table shows the results of operations of the Clearstream segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	**2014**	**2013**
		(€ million) **(audited)**	
Results of Operations			
Clearstream Segment (IFRS)			
Total sales revenue	**901.1**	**834.2**	**774.0**
Net interest income from banking business	34.1	32.8	35.9
Other operating income	7.6	6.4	7.4
Total revenue	**942.8**	**873.4**	**817.3**
Volume-related costs	(196.4)	(175.4)	(163.4)
Net revenue (total revenue less volume-related costs)	**746.4**	**698.0**	**653.9**
Staff costs	(243.6)	(191.9)	(205.5)
Depreciation, amortisation and impairment charges	(44.4)	(41.0)	(37.8)
Other operating expenses	(169.7)	(145.7)	(260.0)
Operating costs	**(457.7)**	**(378.6)**	**(503.3)**
Net income from equity investments	0.1	0	0.2
Earnings before interest and tax (EBIT)	**288.8**	**319.4**	**150.8**
Net financial result	4.2	(2.9)	(3.2)
Earnings before tax (EBT)	**293.0**	**316.5**	**147.6**
Investment in intangible assets and property, plant and equipment	73.4	63.3	66.6
Employees (as at 31 December)	2,350	2,228	1,816
EBIT margin (in %)	**39**	**46**	**23**

Sales revenue

The following table shows the external sales revenue of the Clearstream segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	**2014**	**2013**
		(€ million) **(audited)**	
Clearstream segment sales revenue (IFRS)			
Custody fees	510.1	465.8	439.9
Transaction fees	152.3	138.1	124.2
Global Securities Financing	100.6	98.2	88.3
Other assets	138.1	132.1	121.6
Segment sales revenue	**901.1**	**834.2**	**774.0**

Sales revenue increased from €774.0 million in 2013 by 7.8 per cent. to €834.2 million in 2014 due to a 5.9 per cent. increase in custody fees, a 11.2 per cent. increase in transaction fees and also a 11.2 per cent. increase in GSF. The increase of sales revenue in 2015 by 8.0 per cent. to €901.1 million was due to a 9.5 per cent. increase in custody fees, a 10.3 per cent. increase in transaction fees, a 2.4 per cent. increase in GSF and a 8.6 per cent. increase in other assets.

The average value of securities under custody in 2014 increased to a record level of €12.2 trillion (2013: €11.6 trillion). This was due to new client acquisitions and the appreciation in value of existing customer portfolios, both on international and domestic markets. The international custody business, which is mainly driven by the amount of outstanding bonds traded over the counter, increased by 6 per cent. to €6.5 trillion (2013: €6.1 trillion). The value of securities under custody rose to €5.7 trillion (2013: €5.5 trillion). In the custody business, sales revenue was up by 6 per cent. to €465.8 million in 2014 (2013: €439.9 million).

During 2014, the number of settlement transactions (domestic and international) processed by Clearstream saw a 4 per cent. increase in 2014 to 126.3 million (2013: 121.0 million). International transactions grew by 6 per cent. to 43.6 million altogether (2013: 41.1 million). In the domestic German market, settlement transactions grew by 4 per cent. to 82.7 million (2013: 79.9 million), of which a majority (63 per cent.) were stock exchange transactions, while OTC business accounted for 37 per cent. of transactions. Both stock exchange and OTC transactions on the domestic market were increased 2014. OTC transactions recorded a 10 per cent. increase, thereby driving overall growth.

In 2014, the average outstanding volume of securities in the GSF business rose to €609.8 billion (2013: €576.5 billion). While the long-term refinancing operations (LTROs) introduced by the ECB negatively impacted the GSF business as a whole, the GC Pooling service, offered in co-operation with Eurex, continued to show a strong growth in outstandings. Sales revenue in the GSF business increased to €98.2 million (2013: €88.3 million).

In the custody business, the aggregate average volume of securities held in custody rose to €13.3 trillion in 2015 (2014: €12.2 trillion) — a new record level for an annual average. Custody volumes on the German domestic market are largely determined by the market values of equities, funds and structured products on the German cash market. Reflecting capital gains on German domestic equities, the volume of custody assets rose to €6.1 trillion in 2015 (2014: €5.7 trillion). At the same time, the value of international assets held in custody — mainly comprising bonds traded OTC increased to €7.1 trillion, up 10 per cent. year-on-year (2014: €6.5 trillion).

During 2015, the number of (domestic and international) settlement transactions via Clearstream increased by 9 per cent., to 138.0 million (2014: 126.3 million). The number of international transactions increased slightly, to 44.1 million (2014: 43.6 million). The number of settlement transactions on the German domestic market increased by 14 per cent., to €93.9 million (2014: €82.7 million), driven by higher trading activity from German private investors. Here, on-exchange transactions accounted for the lion's share (64 per cent.), with the remaining 36 per cent. executed over-the-counter. During the 2015 financial year, Clearstream booked growth both in on-exchange and OTC transactions, with the former contributing a 15 per cent. year-on-year increase.

In 2015, average outstanding volumes in the GSF business area decreased slightly, to €598.6 billion (2014: €609.8 billion). In a difficult market environment, Clearstream was thus able to keep its business volumes virtually stable; stronger volume declines were seen in GC Pooling only. Nonetheless, sales revenue in the GSF business could slightly increase to €100.6 million from €98.2 million in 2014.

The line "Other Assets" in the Clearstream segment rose from €121.6 million in 2013 by 8.6 per cent. to €132.1 million in 2014 and by 4.5 per cent. to €138.1 million in 2015. The increase in both years was mainly due to the launch of Regis-TR in March 2014, which is a co-operation between two European market infrastructures (Iberclear and Clearstream) to provide a sophisticated trade repository responding to regulatory requirements, and higher activity on Connectivity, which is partly correlated with increase in settlement activities.

Net interest income from banking business

During 2014, Clearstream's net interest income from banking business fell by 9 per cent. to €32.8 million (2013: €35.9 million). The decline in net interest income from banking business reflected the low level of interest rates. The rate for the euro deposit facility, which is relevant for Clearstream's net interest income from banking business was further reduced by the ECB to negative interests in the course of 2014 (−0.10 per cent. on 11 June 2014 and once again to −0.20 per cent. on 10 September 2014).

Clearstream's net interest income from banking business increased slightly in 2015 to €34.1 million (2014: €32.8 million). Clearstream's net interest income from banking business reflected the persistently low interest rate environment throughout the year. The U.S. Federal Reserve raised its key interest rate — to a range between 0.25 per cent. and 0.5 per cent. — as recently as December 2015. At the end of December 2015, approximately half of cash customer deposits were denominated in U.S. dollars. However, as a result of growth in its customer daily cash balances, Clearstream could more than offset the persistently low interest rates.

Total costs of segment

Total costs decreased from €666.7 million in 2013 by 17 per cent. to €554.0 million in 2014 due to a significant decrease in staff cost from €205.5 million in 2013 by 6.6 per cent. to €191.9 million in 2014, the main reason for the reduction of total costs was due to a decrease of other operating expenses from €260.0 million in 2013 by 44 per cent. to €145.7 million in 2014. A provision of €110.3 million was recognised in 2013 for proceedings brought by the U.S. Office of Foreign Assets Control (OFAC), which were settled in January 2014. Adjusted for non-recurring items staff costs increased from €175.8 million in 2013 by 26.9 per cent. to €187.0 million in 2014. Staff costs per employee decreased from €97 thousand in 2013 by 13 per cent. to €84 thousand in 2014.

Total costs increased from €554.0 million in 2014 by 15.3 per cent. to €654.1 million in 2015 mainly due to higher staff costs and other operating expenses. Staff costs increased from €191.9 million in 2014 by 26.9 per cent. to €243.6 million in 2015 mainly due to an increase in the number of employees. Adjusted for non-recurring items staff costs increased from €187.0 million in 2014 by 26.9 per cent. to €224.2 million in 2015. Staff costs per employee increased from €84 thousand in 2014 by 14 per cent. to €95 thousand in 2015.

EBIT

EBIT increased from €150.8 million in 2013 by 112 per cent. to €319.4 million in 2014 due to the non-recurring provision of €110.3 million, which was recognised in 2013, settled in 2014 and therefore only had an effect on the 2013 figures. Adjusted for non-recurring items, the Clearstream segment had an EBIT of €319.1 million in 2013, €339.1 million in 2014 and to €343.7 million in 2015.

Market Data + Services Segment

The following table shows the results of operations of the Market Data + Services segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Results of Operations			
Market Data + Services (IFRS)			
Total sales revenue	447.9	416.7	398.3
Other operating income	8.1	3.5	3.6
Total revenue	**456.0**	**420.2**	**401.9**
Volume-related costs	(45.0)	(39.7)	(35.9)
Net revenue (total revenue less volume-related costs)	**411.0**	**380.5**	**366.0**
Staff costs	(99.4)	(80.8)	(81.4)
Depreciation, amortisation and impairment charges	(13.0)	(15.1)	(18.0)
Other operating expenses	(124.7)	(112.3)	(91.7)
Operating costs	**(237.1)**	**(208.2)**	**(191.1)**
Result from equity investments	0	0	0
Earnings before interest and tax (EBIT)	**173.9**	**172.3**	**174.9**
Net financial result	(2.4)	0.5	(2.3)
Earnings before tax (EBT)	**171.5**	**172.8**	**172.6**
Investment in intangible assets and property, plant and equipment	7.5	8.1	3.9
Employees (as at 31 December)	742	675	646
EBIT margin (in %)	**42**	**45**	**48**

Sales Revenue

The following table shows the external sales revenue of the Market Data + Services segment for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Market Data + Services Segment sales revenue (IFRS)			
Information	181.2	172.3	168.6
Tools	119.3	111.6	109.2
Index	114.0	99.7	84.4
Market Solutions	33.4	33.1	36.1
Segment sales revenue	**447.9**	**416.7**	**398.3**

The segment's core business is the distribution of capital market information, technology and infrastructure services to customers worldwide. These include real-time trading and market signals such as the AlphaFlash algorithmic news feed as well as indices such as EURO STOXX and DAX. Capital market participants subscribe to receive this information, which they then use themselves, process, or pass on. The segment generates much of its sales revenue on the basis of long-term arrangements with customers and is relatively independent of trading volumes and volatility on the capital markets. The sales revenue of the segment is composed of the Information (2015: 40.5 per cent.; 2014: 41.3 per cent.; 2013: 42.3 per cent.), Tools (2015: 26.6 per cent.; 2014: 26.8 per cent.; 2013: 27.4 per cent.), Index (2015: 25.5 per cent.; 2014: 23.9 per cent.; 2013: 21.2 per cent.) and Market Solutions (2015: 7.4 per cent.; 2014: 8.0 per cent.; 2013: 9.1 per cent.) business areas.

The Information business area mainly involves the distribution of licences for real-time trading and market signals and for the provision of historical data to the back offices of financial services providers. The

Information business area also includes the Market News International (MNI) subsidiary, a leading provider of news and background information to the global foreign exchange, fixed-income and commodities markets. Market Data + Services sales revenue from the Information business area increased from €168.6 million in 2013 by 2.2 per cent. to €172.3 million in 2014 and by 5.2 per cent. to €181.2 million in 2015.

Sales revenue in the Tools business area includes sales revenue from regulatory services and from connectivity services for trading participants and clearing members. Sales revenue rose by 6.9 per cent. to €119.3 million (2014: €111.6 million and 2013: €109.2 million). Higher connectivity revenue especially contributed to the business area's growth due to the connection of new customers to the Deutsche Börse AG network. The segment generates this sales revenue primarily from connecting trading participants on the cash and the derivatives markets and from users of the data services. The increase in revenue was driven by, among other things, the enhancement of the data services and new connectivity formats for the T7 trading platform.

In its Index business area, which it conducts through its STOXX Ltd. subsidiary, Deutsche Börse AG generates sales revenue from calculating and marketing indices and benchmarks, which banks and fund management companies use as underlying instruments or benchmark references for financial instruments and investment conduits. STOXX Ltd. and Indexium AG have been wholly owned subsidiaries of Deutsche Börse Group since the end of July 2015. This has enhanced the Deutsche Börse Group's strategic flexibility, enabling it to fully exploit existing potential in the fast-growing index business. In 2015, the Index business area continued its growth trend, with a 14.3 per cent. increase in sales revenue to €114.0 million from €99.7 million in 2014, after having an increase by 18.1 per cent. from €84.4 million in 2013.

The Market Solutions business area consists primarily of development and operational services for external technology customers, such as partner exchanges and German regional exchanges. Deutsche Börse AG operates the technology for partner exchanges in Dublin, Vienna, Sofia, Ljubljana, Prague and Budapest, on Malta and the Cayman Islands; in the domestic market, it is the technology operator for the German broker exchanges in Berlin, Düsseldorf, Hamburg/Hanover, and Munich. Sales revenue stood at €33.4 million in 2015, slightly above the previous year (2014: €33.1 million), which was slightly below 2013 (€36.1 million).

Total costs of segment

Total costs increased from €227.0 million in 2013 by 9.2 per cent. to €247.9 million in 2014 mainly due higher other operating expenses. Staff costs slightly decreased from €81.4 million in 2013 to €80.8 million in 2014. Adjusted for non-recurring items, staff costs increased from €70.8 million in 2013 to €78.1 million in 2014. Staff costs per employee increased from €109.6 thousand in 2013 by 6 per cent. to €115.7 thousand in 2014.

Total costs significantly increased from €247.9 million in 2014 by 13.8 per cent. to €282.1 million in 2015 mainly due higher staff costs and other operating expenses. Staff costs increased from €80.8 million in 2014 by 23 per cent. to €99.4 million in 2015 as a result of higher number of employees (2015: 742; 2014 675). Adjusted for non-recurring items, staff costs increased from €78.1 million in 2014 to €91.8 million in 2015. Staff costs per employee increased from €115.7 thousand in 2014 by 7 per cent. to €123.7 thousand in 2015.

EBIT

EBIT slightly increased from €172.3 million in 2014 by 0.8 per cent. to €173.9 million in 2015 after a slight decrease by 1.5 per cent. from 2013 to 2014. The adjusted EBIT amounted to €190.5 million in 2013, €182.9 million in 2014 and €190.1 million in 2015.

The increase in external sales revenue was offset by higher total costs so that EBIT remained almost at the same level from 2013 to 2015.

Revenue Based on Geographical Regions

The following table shows the sales revenues of Deutsche Börse Group on geographical regions for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Based on customer's domicile(1)			
Euro zone	1.305,4	1,170.4	1.080.7
Rest of Europe	907.4	756.7	695.1
America	429.6	358.6	325.7
Asia-Pacific	126.4	103.4	92.8
Total of all regions	**2,768.8**	**2,389.1**	**2,194.3**
Consolidation of internal net revenue	−46.0	−41.3	−34.0
Group	**2,722.8**	**2,347.8**	**2,160.3**

Cash Flow

The following table shows the consolidated cash flow statement of the Deutsche Börse Group for the financial years ended 31 December 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
		(€ million) (audited)	
Consolidated Cash Flow Statements (IFRS)			
Net profit for the year	701.2	788.5	495.2
Depreciation, amortisation and impairment losses	143.7	124.8	118.8
Increase/(decrease) in non-current provisions	18.2	(4.3)	32.1
Deferred tax income	3.2	(48.8)	2.1
Cash flows from derivatives	0.0	0.0	(16.5)
Other non-cash (income)/ expense	7.0	(46.7)	13.7
Changes in working capital, net of non-cash items	(79.9)	(131.1)	153.0
Decrease/(increase) in receivables and other assets	(66.7)	(63.0)	13.8
Increase/(decrease) in current liabilities	(7.7)	(76.9)	142.7
(Decrease)/ increase in non-current liabilities	(5.5)	8.8	(3.5)
Net loss/(net gain) from the disposal of non-current assets	3.2	2.4	(1.1)
Cash flows from operating activities excluding CCP positions	**796.6**	**684.8**	**797.3**
Changes in liabilities from CCP positions	(371.9)	275.6	24.8
Changes in receivables from CCP positions	(414.6)	(283.1)	(93.8)
Cash flows from operating activities	**10.1**	**677.3**	**728.3**
Payments to acquire intangible assets	(112.2)	(102.9)	(99.0)
Payments to acquire property, plant and equipment	(42.3)	(30.6)	(28.6)
Payments to acquire non-current financial instruments	(815.5)	(367.2)	(14.8)
Payments to acquire investments in associates and joint ventures	(14.1)	(13.6)	(35.1)
Payments to acquire subsidiaries, net of cash acquired	(641.5)	11.2	5.2
Effects of the disposal of (shares in) subsidiaries, net of cash disposed	(5.3)	0	0
Proceeds from the disposal of shares in associates and joint ventures	0	3.6	0
Net decrease/(net increase) in current receivables and securities from banking business with an original term greater than 3 months	(169.7)	(68.1)	(692.2)
Proceeds from disposals of available-for-sale non-current financial instruments	208.3	317.2	35.3
Cash flows from investing activities	**(1,592.3)**	**(250.4)**	**(829.2)**
Purchase of treasury shares	0.0	0.0	(1.2)
Proceeds from sale of treasury shares	202.8	2.4	1.9
Payments to non-controlling interests	(717.5)	(16.6)	(8.3)
Proceeds from non-controlling interests	3.6	0	0
Repayment of long-term financing	(150.5)	0	(797.8)
Proceeds from long-term financing	1,089.5	0	594.5
Repayment of short-term financing	(2,065.0)	(1,205.0)	(1,180.0)
Proceeds from short-term financing	2,100.0	1,164.7	1,279.80
Dividends paid	(386.8)	(386.6)	(386.5)
Cash flows from financing activities	**76.1**	**(441.1)**	**(497.6)**
Net change in cash and cash equivalents	**(1,506.1)**	**(14.2)**	**(598.5)**
Effect of exchange rate differences	(4.8)	1.9	(1.7)
Cash and cash equivalents as at beginning of period	(68.5)	(56.2)	544.0
Cash and cash equivalents as at end of period	**(1,579.4)**	**(68.5)**	**(56.2)**
Interest income and other similar income	205.5	17.7	5.6
Dividends received	7.3	24.9	12.9
Interest paid	(192.8)	(51.7)	(89.3)
Income tax paid	(207.7)	(237.0)	(93.3)

Comparison 2013 to 2014

Cash flows from operating activities

Deutsche Börse AG generated cash flows from operating activities before changes in reporting-date CCP positions of €684.8 million in 2014 (2013: €797.3 million). The significant year-on-year decrease in cash flows from operating activities is mainly due to the fact that the increase in net income for the year (€293.3 million) was more than offset by the rise in working capital (€284.1 million), other non-cash income (€60.4 million) and deferred tax income (€50.9 million).

The increase in working capital is due in particular to a payment of U.S.$151.9 million made in the first quarter of 2014 in connection with the settlement the Deutsche Börse Group entered into with OFAC (Office of Foreign Assets Control). The Deutsche Börse Group had already recognised provisions for this matter in 2013. In addition, the Deutsche Börse Group additionally made tax payments amounting to €237.0 million in financial year 2014 (2013: €93.3 million). The year-on-year increase is primarily due to higher contributions to earnings by the companies in financial year 2014 and tax refunds for prior years (€57.6 million), which affected cash flow in 2013. In addition, payments of about €41 million relating to prior years were made in 2014.

The increase in other non-cash income to €46.7 million (2013: non-cash expenses of €13.7 million) is mainly due to the remeasurement of the interest in Direct Edge Holdings, LLC in connection with the merger of Direct Edge and BATS.

Deferred tax income in the amount of €86.1 million (2013: €0.8 million) resulted from the recognition of deferred tax assets in respect of loss carryforwards of €211.4 million (2013: €3.1 million). They will lead to a reduction in tax payments at these companies in subsequent years.

Including the changes in the CCP positions, cash flows from operating activities were €677.3 million (2013: €728.3 million).

Cash flows from investing activities

Cash outflows from investing activities amounted to €250.4 million in 2014 (2013: cash outflow of €829.2 million). €367.2 million of this figure related to collateralised cash investments with an original term of more than three months. A €133.5 million investment in intangible assets and property, plant and equipment was at the prior-year level (2013: €127.6 million); most of it was made in the Clearstream (€63.3 million) and Eurex (€60.5 million) segments. Clearstream's investments related primarily to the expansion of its settlement and collateral management systems (€39.8 million), while Eurex invested in its trading and clearing systems (€32.6 million).

Cash funds increased by €61.5 million due to the consolidation of EEX, as at 1 January 2014. Since no purchase price was payable, there were no cash outflows. There was a cash outflow of €50.3 million in connection with the acquisition of Clearstream Global Securities Services Limited, and Impendium Systems Ltd. In addition, the Deutsche Börse Group paid €13.6 million (2013: €35.1 million) to acquire investments in associates in 2014.

Cash inflows of €317.2 million (2013: €35.3 million) were due to securities with an original maturity of more than one year maturing or being sold.

Cash flows from financing activities

Cash outflows from financing activities amounted to €441.1 million in 2014 (2013: €497.6 million). In May 2014, Deutsche Börse AG paid a dividend of €386.6 million for the financial year ended 2013 (2013: €386.5 million). Further cash outflows were due to the repayment of €1,205.0 million in commercial paper (2013: €1,180.0 million). In 2013, long-term bonds amounting to €797.8 million had matured. Cash inflows from financing activities of €1,164.7 million in 2014 (2013: €1,279.8 million) resulted from commercial paper that Deutsche Börse AG issued as part of its short-term liquidity management. In 2013, Deutsche Börse AG had issued a euro-denominated bond with a principal amount of €600.0 million and a term of five years.

Other cash and bank balances amounted to €826.1 million as at 31 December 2014 (31 December 2013: €627.9 million).

As €551.3 million free cash flow—i.e. cash flows from operating activities excluding reporting-date CCP positions less payments to acquire intangible assets and property, plant and equipment—was significantly lower than in the previous year (2013: €669.7 million). This was mainly due to the aforementioned settlement payment in the amount of U.S.$151.9 million.

Cash and cash equivalents

Cash and cash equivalents changed from €-56.2 million as at 31 December 2013 to €-68.5 million as at 31 December 2014 due to the changes in cash flows from operating, investing and financing activities described above.

Cash and cash equivalents as used in the cash flow statement can be reconciled to the balance sheets items:

	Year ended 31 December	
	2014	**2013**
	(€ million)	
	(audited)	
Reconciliation to cash and cash equivalents (IFRS)		
Restricted bank balances	**22,283.5**	**16,221.7**
Other cash and bank balances	826.1	627.9
Net position of financial instruments held by central counterparties	1,249.1	500.0
Less bank loans and overdrafts	(0.7)	(0.1)
	24,358.0	17,349.5
Current receivables from banking business	10,307.1	9,544.0
less loans to banks and customers with an original maturity of more than 3 months	(563.0)	(692.1)
less available-for-sale debt instruments	(401.1)	(310.6)
less derivative assets	0	0
Current liabilities from banking business	(11,487.1)	(9,725.3)
Current liabilities from cash deposits by market participants	(22,282.4)	(16,221.7)
Reconciliation to cash and cash equivalents	**(24,426.5)**	**(17,405.7)**
Cash and cash equivalents	**(68.5)**	**(56.2)**

Comparison 2014 to 2015

Cash flows from operating activities

In 2015, the Deutsche Börse Group generated €796.6 million (2014: €684.8 million) in cash flows from operating activities. The marked year-on-year increase in cash flows from operating activities was due, in particular, to the aforementioned payment of U.S.$151.9 million made during the first quarter of 2014, in connection with a settlement agreed upon by the Deutsche Börse Group with the U.S. Office of Foreign Assets control (OFAC).

Moreover, the Deutsche Börse Group paid taxes in the amount of €207.7 million in 2015 (2014: €237.0 million). The higher tax payments in the previous year were due to a non-recurring effect from tax back payments in Luxembourg for the years 2009 to 2011.

Other non-cash expenses totalled €7.0 million in 2015 (2014: non-cash income of €46.7 million), the change was mainly due to the re-measurement of the Direct Edge shareholding, following the merger of Direct Edge and BATS.

Deferred tax expenses amounted to €3.2 million in 2015 (2014: deferred tax income of €48.8 million). Deferred tax income recognised in the previous year was largely due to deferred tax assets recognised on loss carryforwards.

Taking CCP items into account, cash flow from operating activities totalled €10.1 million (2014: €677.3 million). The change in CCP items, compared to the previous year, was influenced by non-delivered GC Pooling transactions around the reporting date, in a total amount of U.S.$869.5 million; these could not be delivered on the due date (31 December 2015), but only on 4 January 2016. The reason was a clearing participant's failure to provide the necessary cash in good time.

Cash flows from investing activities

Cash outflows from investing activities amounted to €1,592.3 million in 2015 (2014: €250.4 million). Of this figure, €815.5 million (2014: €367.2 million) related to collateralised cash investments with an original term of more than three months. At €154.5 million, investments in intangible assets and property, plant and equipment were above the prior-year level (2014: €133.5 million); most were made in the Clearstream (€73.4 million) and Eurex (€71.5 million) segments. Clearstream's investments related primarily to the expansion of its settlement and collateral management systems (€43.4 million), while Eurex invested in its trading and clearing systems (€34.3 million).

Cash outflows for the acquisition of subsidiaries totalled €641.5 million (2014: cash inflows of €11.2 million). Cash outflows included €676.6 million for the acquisition of shares in 360T. Full consolidation of Powernext and EPEX at 1 January 2015 increased cash by €40.1 million. In the previous year, full consolidation of EEX increased cash by €61.5 million. Since no purchase price was payable in the acquisition of Powernext and EPEX during the business year 2015 and EEX in the prior year, there were no cash outflows.

Cash inflows of €208.3 million in 2015 (2014: €317.2 million) were due to securities with an original maturity of more than one year maturing or being sold.

Cash flows from financing activities

Cash outflows from financing activities in 2015 amounted to €76.1 million (2014: cash outflows in an amount of €441.1 million). The acquisition of a 49.9 per cent. stake in STOXX Ltd. led to a cash outflow totalling €653.8 million. This transaction was financed by issuing debt securities with a nominal amount of €600.0 million. As part of financing the acquisition of shares in 360T, Deutsche Börse AG placed €200.0 million in treasury shares as well as a bond with a nominal amount of €500 million.

The maturity of Series A of the private placements made in 2008 led to cash outflows of €150.5 million.

Moreover, Deutsche Börse AG placed commercial paper of €2,100.0 million (2014: €1,164.7 million), and paid out €2,065.0 million (2014: €1,205.0 million) due to maturing Commercial Paper issues.

Deutsche Börse AG also distributed dividend payments of €386.8 million for the 2014 financial year (2014: €386.6 million).

Cash and cash equivalents

Cash and cash equivalents changed from €-68.5 million as at 31 December 2014 to €-1,579.4 million as at 31 December 2015 due to the changes in cash flows from operating, investing and financing activities described above.

Cash and cash equivalents as used in the cash flow statement can be reconciled to the balance sheets items:

	Year ended 31 December	
	2015	**2014**
	(€ million) (audited)	
Reconciliation to cash and cash equivalents (IFRS)		
Restricted bank balances	**26,870.0**	**22,283.5**
Other cash and bank balances	711.1	826.1
Net position of financial instruments held by central counterparties	283.1	1,249.1
Less bank loans and overdrafts	(42.2)	(0.7)
	27,822.0	24,358.0
Current receivables from banking business	10,142.9	10,307.1
less loans to banks and customers with an original maturity of more than 3 months	(931.6)	(563.0)
less available-for-sale debt instruments	(62.3)	(401.1)
less derivative assets	0	0
Current liabilities from banking business	(11,681.4)	(11,487.1)
Current liabilities from cash deposits by market participants	(26,869.0)	(22,282.4)
Reconciliation to cash and cash equivalents	**(29,401.4)**	**(24,426.5)**
Cash and cash equivalents	**(1,579.4)**	**(68.5)**

Cash and cash equivalents include cash and bank balances, except for amounts related to the investment of restricted funds deposited by market participants. Receivables and liabilities from banking business with an original maturity of more than three months are included in cash flows from investing activities, while items with an original maturity of three months or less are contained in cash and cash equivalents.

The effect of exchange rate differences on cash and cash equivalents held in a foreign currency was reported separately in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and the end of the period. The effect of exchange rate differences on cash and cash equivalents amounted to €-4.8 million in 2015, €1.9 million in 2014 and €-1.7 million in 2013.

Quantitative and Qualitative Disclosure of Financial Risk

For a general description of the Deutsche Börse Group's risk management, please refer to Part 7: "*Information on the Deutsche Börse Group—Risk Management*".

Financial risks arise at the Deutsche Börse Group mainly in the form of credit risk. To a small extent Deutsche Börse Group is exposed to market price risk. Financial risks are quantified using the economic capital concept.

Credit Risks

Credit risks in the Deutsche Börse Group arise from collateralised and uncollateralised cash investments, loans for settling securities transactions, other receivables and derivatives, financial guarantee contracts and financial instruments held by CCPs.

For a detailed overview of the Deutsche Börse Group's financial instruments carrying amounts and collateral as at 31 December of each financial year, please refer to the table "Credit Risk of Financial Instruments" in note 36 of the notes to the Deutsche Börse 2015 Financial Statements.

Cash investments

The Deutsche Börse Group is exposed to credit risk in connection with the investment of cash funds. Deutsche Börse Group mitigates such risks by investing short-term funds to the extent possible on a collateralised basis (e.g. via reverse repurchase agreements or by deposits with central banks).

According to the treasury policy, mainly highly liquid financial instruments with a minimum rating of AA− (S&P/Fitch) resp. Aa3 (Moody's) issued or guaranteed by governments or supra-national institutions are eligible as collateral.

Uncollateralised cash investments are permitted only for counterparties with sound creditworthiness within the framework of defined counterparty credit limits. Counterparty credit risk is monitored on the basis of an internal rating system.

The fair value of securities received under reverse repurchase agreements (Clearstream segment, Eurex Clearing AG and Deutsche Börse AG) was €14,196.0 million as at 31 December 2013, €16,006.5 million as at 31 December 2014 and €5,226.7 million as at 31 December 2015. The Clearstream segment and Eurex Clearing AG are able to repledge the securities received to their central banks to regain liquidity.

The fair value of securities received under reverse repurchase agreements transferred via transfer of title to central banks at Clearstream segment amounted to €4,524.2 million as at 31 December 2013, €2,230.0 million as at 31 December 2014 and €3,114.5 million as at 31 December 2015. As at 31 December 2013, Eurex Clearing AG had repledged securities to central banks with a fair value of €732.0 million, as at 31 December 2014 the value amounted to €757.5 million and at 31 December 2015 no securities have been pledged to central banks.

A portion of the available-for-sale fixed-income financial instruments and floating rate notes held by Clearstream are transferred to central banks to collateralise the settlement facilities obtained. The fair value of transferred securities was €1,328.6 million as at 31 December 2013, €1,875.3 million as at 31 December 2014 and €1,863.4 million as at 31 December 2015.

Clearstream receives cash contributions from its customers in various currencies, and invests these cash contributions in money market instruments. If negative interest rates apply to these cash investments, the interest expense is charged to the respective customers. Clearstream may, however, decide not to charge the negative interest rates to its customers in individual cases. In 2014, Clearstream decided not to charge negative interest rates that had arisen from euro denominated investments, thus contributing to the year-on-year decline in net interest income from banking business. With effect from 2 March 2015, Clearstream decided to charge negative interest rates on euro denominated cash investments.

Eurex Clearing AG receives cash collateral from its clearing members mainly in its clearing currencies euro and Swiss francs. Negative interest rates resulting from reinvestments on this cash collateral are passed on to the clearing members after applying a margin.

Loans for settling securities transactions

Clearstream grants customers technical overdraft facilities to maximise settlement efficiency. These settlement facilities are subject to internal credit review procedures. They are revocable at the option of the Clearstream segment and are largely collateralised. Technical overdraft facilities amounted to €91.8 billion as at 31 December 2013, €96.9 billion as at 31 December 2014 and €108.6 billion as at 31 December 2015. Of this amount, €2.7 billion as at 31 December 2013, €3.1 billion as at 31 December 2014 and €3.4 billion as at 31 December 2015 were unsecured, whereby a large proportion relates to credit lines granted to central banks and other state-guaranteed institutions. Actual outstandings at the end of each business day generally represent a small fraction of the facilities and amounted to €487.0 million as at 31 December 2013, €339.3 million as at 31 December 2014 and €378.7 million as at 31 December 2015.

Clearstream also guarantees the risk resulting from the Automated Securities Fails Financing programme it offers to its customers. However, this only applies when the risk is collateralised. In the absence of collateral, this risk is covered by third parties. Guarantees given under this programme amounted to €556.9 million as at 31 December 2013, €520.4 million as at 31 December 2014 and €927.1 million as at 31 December 2015.

Under the ASLplus securities lending programme, Clearstream Banking S.A. had securities borrowings from various counterparties totalling €41,858.4 million as at 31 December 2013, €44,700.0 million as at 31 December 2014 and €48,602.8 million as at 31 December 2015. These securities were fully lent to other counterparties. Collateral received by Clearstream Banking S.A. in connection with these loans amounted to €43,624.3 million as at 31 December 2013, €46,792.3 million as at 31 December 2014 and €50,409.4 million as at 31 December 2015.

Bonds issued by Deutsche Börse AG

As at 31 December 2015, the Deutsche Börse Group had committed undrawn bank lines of €2,217 million. The Deutsche Börse Group's total available cash on hand (excluding cash required for regulatory purposes) was €711.1 million. As at 31 December 2015, the ratio of gross debt to EBITDA had increased to 1.9 times (2014: 1.47).

Refinancing of maturing bonds	**Issue volume**	**2015**	**Issue date**	**Maturity date**	**Interest rate p.a.**
	(€ million)				**(%)**
Fixed-rate bearer bond (10-year term)	600	14.8	2012	5/10/2022	2.375
Fixed-rate bearer bond (5-year term)	600	7.4	2013	26/3/2018	1.125
Hybrid bond	600	3.5	2015	5/2/2041	2.750
Fixed-rate bearer bond (10-year term)	500	2.0	2015	8/10/2025	1.625

In 2015, two bond issues were placed to finance the full acquisition of STOXX (including Indexium), as well as of 360T, with an aggregate volume of €1.1 billion.

15/41 Hybrid Bond

On 30 July 2015, Deutsche Börse AG successfully placed a hybrid bond maturing in 2041, with a total nominal value of €600 million, on the market (the 15/41 Hybrid Bond). Until the first repayment date in February 2021, the 15/41 Hybrid Bond had an annual coupon of 2.75 per cent. After this date, it will have a variable-rate coupon which will be re-set in February of each year. The terms of the 15/41 Hybrid Bond provide Deutsche Börse AG with a termination right in the event of a change of control which, if exercised, entitles Deutsche Börse AG to redeem the bonds at par, plus accrued interest. If Deutsche Börse AG does not exercise this termination right, the affected bonds' coupon will increase by 5 percentage points. A change of control will take place if a person or a group of persons acting in concert, or third parties acting on their behalf, has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of Deutsche Börse shares required to exercise more than 50 per cent. of the voting rights at annual general meetings of Deutsche Börse AG and is accompanied by a downgrade to a sub-investment grade rating given to Deutsche Börse AG by Moody's, S&P Global Ratings or Fitch.

13/18 Fixed-rate Bond

In March 2013, Deutsche Börse AG successfully placed a corporate bond maturing in 2018 (the 13/18 Fixed-rate Bonds). Under the terms of the 13/18 Fixed-rate Bonds, amounting to €600.0 million issued by Deutsche Börse AG, cancellation rights apply in the case of a change of control. If they are exercised, the bonds will be repayable at par plus any accrued interest. A change of control is deemed to have occurred if one person, several persons acting in concert, or third parties acting on their behalf has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of Deutsche Börse shares required to exercise more than 50 per cent. of the voting rights at the annual general meetings of Deutsche Börse AG and is accompanied by a downgrade to a sub-investment grade rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's, S&P Global Ratings or Fitch.

12/22 Fixed-rate Bond

In September 2012, Deutsche Börse AG successfully placed a corporate bond maturing in 2022 (the 12/22 Fixed-rate Bonds). Under the terms of the 12/22 Fixed-rate Bonds, amounting to €600.0 million issued by Deutsche Börse AG, cancellation rights apply in the case of a change of control. If they are exercised, the bonds will be repayable at par plus any accrued interest. A change of control is deemed to have occurred if one person, several persons acting in concert, or third parties acting on their behalf has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of Deutsche Börse shares required to exercise more than 50 per cent. of the voting rights at the annual general meetings of Deutsche Börse AG and is accompanied by a downgrade to a sub-investment grade rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's, S&P Global Ratings or Fitch.

15/25 Fixed-rate Bond

On 1 October 2015, Deutsche Börse AG placed a senior unsecured bond maturing in 2025, with a total nominal amount of €500 million (the 15/25 Fixed-rate Bond). This bond has an annual 1.625 per cent. coupon. The terms of the 15/25 Fixed-rate Bond provide Deutsche Börse AG with a termination right in the event of a change of control. If these cancellation rights are exercised, the bonds are repayable at par plus any accrued interest. A change of control is deemed to have occurred if one person, several persons acting together, or third parties acting on their behalf has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of shares required to exercise more than 50 per cent. of the voting rights at the annual general meetings of Deutsche Börse AG and is accompanied by a ratings decline below Baa3 by Moody's or BBB− by S&P Global Ratings or Fitch.

U.S. Private Placement

If a change of control occurs, there is also a right to require repayment of two bonds issued by Deutsche Börse AG in 2008 under a U.S. private placement. The change of control must also lead to a ratings decline given to one of Deutsche Börse AG's senior unsecured long-term obligations below Baa3 by Moody's, or BBB− by S&P Global Ratings or Fitch. The provisions contained in the applicable terms correspond to the conditions specified for the 13/18, 12/22 and 15/25 Fixed-rate Bonds. The bonds issued under the private placement are as follows: U.S.$220 million due on 12 June 2018 and U.S.$70 million due on 12 June 2020.

The Merger is not expected to trigger change-of-control provisions applicable to any of the aforementioned bonds issued by Deutsche Börse AG because Deutsche Börse AG does not expect the combination to adversely affect the credit ratings given to the unsecured debt instruments of Deutsche Börse AG.

Commercial Paper issued by Deutsche Börse AG

A commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies. As at 31 December 2015, commercial paper with a nominal value of €95.0 million had been issued (2014: €60.0 million) under Deutsche Börse AG's commercial paper programme. Clearstream Banking S.A. also has a commercial paper programme with a programme limit of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2015, commercial paper with a nominal value of €286.5 million had been issued (2014: €193.2 million) under Clearstream Banking S.A.'s commercial paper programme.

Financial instruments of the CCP

To safeguard Deutsche Börse Group's CCP against the risk of default by a clearing member, the clearing conditions require the clearing members to deposit margins in the form of cash or securities on a daily basis or an intraday basis in the amount stipulated by Eurex Clearing AG. Additional security mechanisms of Eurex Clearing AG are described in detail in note 36 "Financial Risk Management" of the notes to the Deutsche Börse 2015 Financial Statements.

The aggregate margin calls (after haircuts) based on the executed transactions and clearing fund requirements was €34,840.4 million as at 31 December 2013, €41,814.4 million as at 31 December 2014 and €49,538.6 million as at 31 December 2015. Collateral in the amount of €48,419.2 million as at 31 December 2013, €55,212.7 million as at 31 December 2014 and €63,273.8 million as at 31 December 2015 was deposited.

	Collateral value as at 31 December			Fair value as at 31 December		
	2015	2014	2013	2015	2014	2013
	(€ million)					
Composition of Eurex Clearing AG's collateral						
Cash collateral (cash deposits)	26,861.3	22,278.1	16,217.6	26,861.3	22,278.1	16,217.6
Securities and book-entry securities collateral	36,412.5	32,934.6	32,201.6	39,680.4	35,596.3	35,757.7
Total	63,273.8	55,212.7	48,419.2	66,541.7	57,874.4	51,975.3

Capital Expenditures in intangible assets and property, plant and equipment

The following tables detail Deutsche Börse Group's capital expenditures per segment and per region for the years ended 31 December 2015, 2014 and 2013:

	Year ended 31 December		
Segment	2015	2014	2013
	(€ million)		
Eurex	71.5	60.5	53.9
Xetra	2.1	1.6	3.2
Clearstream	73.4	63.3	66.6
Market Data + Services	7.5	8.1	3.9
Total(1)	154.5	133.5	127.6

Note:

(1) Excluding goodwill.

	Year ended 31 December		
Region	2015	2014	2013
	(€ million)		
Eurozone	146.2	126.7	119.5
Other Europe	0	0	0.5
Americas	7.3	5.8	6.2
Asia/Pacific	1.0	1.0	1.4
Total(1)	154.5	133.5	127.6

Note:

(1) Excluding goodwill.

Credit risk concentrations

The Deutsche Börse Group's business model and the resulting business relationships mean that, as a rule, credit risk is concentrated on the financial services sector. Potential concentrations of credit risk on individual counterparties are avoided by application of counterparty credit limits.

The regulatory requirements on concentration risks and so called large exposures, such as those arising from articles 387-410 of regulation (EU) 575/2013 (Capital Requirements Regulation, CRR) and article 47 paragraph 8 of regulation (EU) 648/2012 (European Market Infrastructure Regulation, EMIR), are in general complied with.

The Deutsche Börse Group carries out VaR calculations in order to detect credit concentration risks. In 2015, no significant credit concentrations were assessed.

The required economic capital for credit risk is calculated for each business day and amounted to €311.0 million as of 31 December 2013, €374 million as of 31 December 2014 and €409 million as of 31 December 2015.

Market price risk

Market risk may arise in the form of interest rate or currency risk in the operating business when recognising net revenues denominated in foreign currency, in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates.

Foreign currency risks

To limit foreign exchange risk, the Deutsche Börse Group's treasury policy requires any net earnings exposure from currencies to be hedged if the unhedged exposure of an individual currency exceeds 10 per cent. of consolidated EBIT. Foreign exchange exposures below 10 per cent. of consolidated EBIT may also be hedged.

During the year, actual foreign exchange exposure is monitored against the latest EBIT forecast.

In addition, the policy stipulates that intra-period open foreign exchange positions are closed when they exceed €15.0 million. This policy was complied with as in the previous year; as at 31 December 2015, there were no significant net foreign exchange positions.

Currency risks in the Deutsche Börse Group arise mainly from the operating results and balance sheet of ISE, which are denominated in U.S. dollars, plus that part of Clearstream's sales revenue and interest income less expenses which is directly or indirectly generated in U.S. dollars. ISE accounted for 26 per cent. in 2013, 25 per cent. in 2014 and 25 per cent. in 2015 of the Eurex segment's sales revenue. In addition, the Clearstream segment generated sales revenue and interest income directly or indirectly in U.S. dollars of 9 per cent. in 2013, of 9 per cent. in 2014 and 10 per cent. in 2015.

Acquisitions where payment of the purchase price results in currency risk are generally hedged. Deutsche Börse Group has partially hedged its investment in ISE against foreign currency risks by issuing fixed-income U.S. dollar debt securities. The investment in ISE (hedged item) constitutes a net investment in a foreign operation. The U.S. dollar securities designated as hedging instruments for the net investment hedge were issued in a nominal amount of $290 million.

Interest rate risks

Interest rate risks generally may arise from debt financing of acquisitions. To refinance existing indebtedness and to finance the full acquisition of STOXX Ltd. and Indexium AG Deutsche Börse AG placed the 15/41 Hybrid Bond in July 2015. Furthermore in September 2015, Deutsche Börse AG successfully placed the 15/25 Fixed-rate Bond in the market to partially finance the acquisition of 360T.

Other risks

Equity price risks arise from contractual trust arrangements (CTAs) and from the Clearstream Pension Fund in Luxembourg. In addition, there are equity price risks arising from strategic equity investments in other exchange operators.

Liquidity risk

Liquidity risk may arise from potential difficulties in renewing maturing financing, such as commercial paper and bilateral and syndicated credit facilities. In addition, required financing for unexpected events may cause liquidity risk. Most of the Deutsche Börse Group's cash investments are short-term to ensure availability of liquidity, should the need arise. Eurex Clearing AG remains almost perfectly matched with respect to the durations of customer cash margins received and investments, only limited amounts of invested cash may have tenors of up to one month, while the Clearstream segment may invest customer balances up to a maximum of one year, subject to strict monitoring of mismatch and interest rate limits. Term investments are conducted via reverse repurchase agreements against highly liquid collateral that can be deposited with the central bank and can be used as a liquidity buffer if required.

Clearstream

Liquidity risk arises from potential difficulties to meet current and future cash flows and collateral needs in support of the settlement activities of Clearstream's customers. Liquidity risk is managed by matching the duration of investments and liabilities, restricting investments in potentially illiquid or volatile asset classes, authorising the Clearstream segment to repledge securities received with central banks and maintaining sufficient financing facilities to overcome unexpected demands for liquidity.

Clearstream's current liabilities, including customer deposits, which are due on demand, are adequately covered by loans to banks and customers, which may be invested up to a maximum of six months, and by other debt instruments and fixed-income securities. The fixed-income securities are able to be pledged to central banks should the short-term need for additional liquidity arise.

	Amount as at 31 December		
	2015	2014	2013
		(€ million)	
Current liabilities from banking business			
Customer deposits	10,867.7	11,138.3	9,475.7
Money market borrowing	12.0	25.1	8.1
Other	801.7	323.7	241.5
Receivables and securities from banking business	10,142.9	10,307.1	9,544.0
Reverse repurchase agreements	5,217.4	6,952.4	6,708.7
Money market instruments	3,714.5	1,949.0	1,044.0
Debt instruments	64.1	656.3	310.6
Other	1,146.9	749.4	1,480.7
Total current receivables and securities from banking business	10,142.9	10,307.1	9,544.0
Fixed-income securities	2,018.6	1,305.0	1,178.3
Total non-current receivables and securities from banking business	2,018.6	1,305.0	1,178.3

As at 31 December 2015, part of Clearstream's assets were pledged to central banks as collateral for the settlement facility obtained. As at 31 December 2015, the fair value of pledged securities was €1,863.4 million.

As Clearstream's investment policy only allows investment in fixed-income securities with a credit rating of AA− or higher, it is expected that all such securities could be liquidated within a short time period without significant loss.

Remaining maturity of loans to banks and customers was as follows:

	Amount as at 31 December		
	2015	2014	2013
		(€ million)	
Not more than three months	9,853.4	9,616.2	9,231.0
Three months to one year	200.9	0	0

In addition to internal liquidity risk management tools, liquidity risk is monitored by the Luxembourg regulators via the "liquidity coverage ratio" (monthly report), the net stable funding ratio (quarterly), and the "daily liquidity report" (daily).

In Germany, for CBF, liquidity risk is monitored on a monthly basis by the German regulators via the national liquidity reporting (LiqV) and the CRR "liquidity coverage ratio (LCR)". In addition to that, the LCR is also monitored on a consolidated basis for Clearstream Holding Group.

Internal liquidity management rules reflect the regulatory requirements so that compliance with regulatory rules is ensured at any time.

As soon as forthcoming regulations like the "net stable funding ratio" have been specified by the regulators, their impact on the current treasury activities will be analysed.

Central counterparties (CCP)

Eurex Clearing AG mainly matches the duration of received customer cash margins and investments. Therefore, as a principle, clearing members' cash collateral is placed short-term. Unsecured placements are limited to overnight only, whereas a limited portion of secured money market transactions may also be placed with a tenor greater than overnight up to a maximum of 20 business days, applying stringent mismatch limits. As eligible collateral, highly liquid financial instruments with a minimum rating of AA− (S&P/Fitch) resp. Aa3 (Moody's) issued or guaranteed by governments or supranational institutions are being received under reverse repo transactions.

In line with EMIR requirements cash collateral is only placed overnight as reverse repo against highly liquid collateral with minimal credit and market price risk. Acceptable highly liquid collateral are government or supranational bonds with a minimum rating of AA− (S&P/Fitch) resp. Aa3 (Moody's). A maximum of 5 per cent. of all investments can be held as unsecured overnight placement. Counterparties for investments are only approved financial institutions.

	Amount as at 31 December		
	2015	2014	2013
		(€ million)	
Cash deposits by market participants	26,861.2	26,278,1	16,217,6
Restricted bank balances of CCP	26,861.2	26,278,1	16,217.6
due on sight	26,861.2	22,035.2	11,729.5
due within one month	0.0	4,242.9	4,488.1

Unrestricted cash and bank balances

In order to meet its regular liquidity requirements, the Deutsche Börse Group aims to retain liquidity in the amount of operating costs of one quarter at the parent company level. Target liquidity currently ranges between €150 and €250 million. Balances are largely invested secured with counterparties with a minimum credit rating of A−, backed with highly liquid financial instruments carrying a minimum credit rating of AA− (S&P/Fitch) resp. Aa3 (Moody's).

	Amount as at 31 December		
	2015	2014	2013
		(€ million)	
Unrestricted cash and bank balances	711.1	826.1	627.9
Actual operating liquidity	168	178	207

Contractually Agreed Credit Lines and Other Financing Facilities

In addition to the liquid assets available on its balance sheet, the Deutsche Börse Group has access to additional liquidity through the range of contractually agreed credit lines and commercial paper facilities.

Contractually agreed credit lines

	Purpose of credit line	Currency	Amount as at 31 December 2015	2014	2013
			(€ million)		
Company					
Deutsche Börse AG	working capital(1)	€	605.0	605.0	605.0
Eurex Clearing AG	settlement	€	1,170.0	1,370.0	1,370.0
	settlement	CHF	100.0	200.0	200.0
Clearstream Banking S.A.	working capital(1)	€	750.0	750.0	750.0

Note:

(1) €400.0 million of Deutsche Börse Group's working capital credit lines is a sub-credit line of Clearstream Banking S.A.'s €750.0 million working capital credit line.

Other financing facilities

For refinancing purposes, Eurex Clearing AG and the Clearstream segment can pledge eligible securities with their respective central banks.

Clearstream Banking S.A. has a bank guarantee (letter of credit) in favour of Euroclear Bank S.A./N.V. issued by an international consortium to secure daily deliveries of securities between Euroclear and Clearstream. This guarantee amounted to $3.0 billion as at 31 December 2015 (2014: $3.0 billion, 2013: $2.8 billion). Euroclear Bank S.A./N.V. has also issued a corresponding guarantee in favour of Clearstream Banking S.A. Furthermore, Eurex Clearing AG holds a credit facility of $1.7 billion (2014: $2.1 billion; 2013: $2.1 billion) granted by Euroclear Bank S.A./N.V. in order to increase the settlement efficiency.

A multi-currency commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion. As at 31 December 2015, commercial paper with a nominal value of €95.0 million was outstanding, compared to €60.0 million as at 31 December 2014 and €100.0 million at 31 December 2013.

Clearstream Banking S.A. also has a commercial paper programme with a programme amount of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2015, commercial paper with a nominal value of €286.5 million had been issued compared to €193.2 million and €194.1 million as at 31 December 2014 and 2013, respectively.

Credit Ratings

For details relating to credit ratings of Deutsche Börse AG and Clearstream S.A., see Part 22: "*Ratings Information and Trading History—Deutsche Börse AG Ratings Information*".

Critical Accounting Policies and Estimates

For a detailed overview of the Deutsche Börse Group's accounting policies please refer to note 3 of the notes to the consolidated financial statements for the years 2015, 2014 and 2013 included in this document.

Summary disclosures about contractual obligations

The table below summarises the Deutsche Börse Group's debt, future minimum lease obligations on its operating leases and other commitments as of 31 December 2015:

	Up to one year	One to five years	More than five years	Total
		(€ million)		
Financial obligations	60.9	60.8	9.9	131.6
Minimum lease obligations on its operating leases	67.6	193.7	155.4	416.7
Obligations regarding interest	53.0	198.9	85.6	337.5
Payment obligations for debt	0	852.7	1,700.0	2,552.7
Sum	181.5	1,306.1	1,950.9	3,438.5

On 27 February 2015, the ISE made an additional investment of U.S.$30.0 million in The Options Clearing Corporation (OCC) as part of its plan to fund increased regulatory capital requirements. Following this

investment, the ISE will retain its 20 per cent. ownership in OCC and will be entitled to a share of profits distributed as dividends. Prior to this additional investment, OCC refunded excess revenues to its clearing members with no income distributed to shareholders. The ISE has also committed to a capital replenishment plan that provides up to an additional U.S.$40.0 million of funding in the event that OCC regulatory capital is depleted due to losses other than from the clearing fund.

Operating Leases (as lessee)

The Deutsche Börse Group has entered into leases that must be classified as operating leases on the basis of their economic substance; this means that the leased asset is allocated to the lessor. These leases relate mainly to buildings, IT hardware and software. See Part 7: "*Information on the Deutsche Börse Group—Information Technology and Data Centres*".

Off-balance Sheet Arrangements

Under the Automated Securities Fails Financing programme, Clearstream customers are able to borrow securities in order to fulfil their delivery commitments, thereby avoiding settlement failures and increasing settlement efficiency. Clearstream acts as a guarantor in such transactions to the extent that they are collateralised. In addition, Clearstream Banking S.A. manages an active lending programme, known as ASLplus, by which Clearstream borrows securities from various counterparties in order to lend them to other counterparties.

This enables the lenders to reduce their custody fees and to earn collateral lending fees, while borrowers gain increased trading opportunities. The ASLplus transactions are matched and fully collateralised. IAS 39 foresees that securities lending transactions should not be recognised in the balance sheet. Consequently, ASLplus outstanding balances are not recognised on-balance sheet. However, in accordance with IFRS 7, they are disclosed in the notes to Deutsche Börse Group's financial statements.

Clearstream earned €100.6 million in 2015 (2014: €98.2 million; 2013: €88.3 million) from its GSF business, which includes collateral lending fees from the Automated Securities Fails and ASLplus programmes. Neither Clearstream nor the Deutsche Börse Group use these programmes for liquidity, capital or risk support purposes.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in accountants or disagreements with accountants on accounting and financial disclosure during the last three financial years.

PART 15—SELECTED FINANCIAL INFORMATION OF LSEG

The following pages contain selected financial information of LSEG for the periods indicated.

The consolidated statement of income, consolidated statement of financial position and consolidated statement of cashflows for each of the years ended 31 December 2015, 31 March 2014 and 31 March 2013 and the nine months financial year ended 31 December 2014 has been extracted from the audited consolidated financial information of LSEG plc and its subsidiaries for the years ended 31 December 2015, 31 March 2014 and 31 March 2013 and the nine months financial year ended 31 December 2014, respectively. In 2014, LSEG changed its financial year end from 31 March to 31 December, resulting in a nine-months financial year ended 31 December 2014.

The audited consolidated financial statements of LSEG for the year ended 31 December 2015 are set out in Annex 6: "*LSEG plc Historical Financial Information*" to this document.

The audited consolidated financial statements of LSEG for the nine-months financial year ended 31 December 2014, and the financial years ended 31 March 2014 and 2013 are incorporated by reference into this document.

This Part 15 should be read in conjunction with Part 16: "*Operating and Financial Review of LSEG*" and with Part 20: "*Historical Financial Information of LSEG plc*" and Annex 6. Investors are advised to read the whole of this document and not solely rely on the information summarised in this Part 15.

Consolidated Income Statement

	Year ended 31 December 2015	Nine month period ended 31 December 2014	Year ended 31 March 2014	Year ended 31 March 2013
		(£ million) (audited)		
Continuing operations				
Revenue	**1,324.7**	**884.7**	**1,088.3**	**726.4**
Net treasury income through CCP business	85.7	69.1	109.8	116.7
Other income	8.2	3.5	11.5	28.1
Total income	**1,418.6**	**957.3**	**1,209.6**	**871.2**
Cost of Sales	(125.5)	(69.4)	(74.1)	(60.0)
Gross Profit	**1,293.1**	**887.9**	**1,135.5**	**811.2**
Expenses				
Operating expenses before amortisation and impairment of purchased intangible assets, goodwill and non-recurring items	(708.4)	(482.4)	(624.3)	(362.7)
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	**584.7**	**405.5**	**511.2**	**430.2**
Amortisation and impairment of purchased intangible assets and goodwill	(149.6)	(90.3)	(116.5)	(88.8)
Non-recurring items	(30.7)	(82.0)	(41.6)	7.0
Operating profit/(loss)	**404.4**	**233.2**	**353.1**	**348.4**
Finance income	2.9	2.2	5.5	41.5
Finance expense	(71.2)	(53.3)	(74.3)	(64.0)
Net finance expense	(68.3)	(51.1)	(68.8)	(49.5)
Profit/(loss) before taxation from continuing operations	**336.1**	**182.1**	**284.3**	**298.9**
Taxation	(48.1)	(51.1)	(101.6)	(83.4)
Profit/(loss) for the financial year from continuing operation	**288.0**	**131.0**	**182.7**	**215.5**
Profit/(loss) for the financial year from discontinued operations	69.1	6.4	—	—
Profit/(loss) for the financial year	**357.1**	**137.4**	**182.7**	**215.5**
Profit/(loss) attributable to non-controlling interests from continuing operations	28.4	14.4	12.6	(1.5)
Profit/(loss) attributable to non-controlling interests from discontinued operations	0.4	—	—	—
Profit/(loss) attributable to non-controlling interests	**28.8**	**14.4**	**12.6**	**(1.5)**
Profit/(loss) attributable to equity holders from continuing operations	259.6	116.6	170.1	217.0
Profit/(loss) attributable to equity holders from discontinued operations	68.7	6.4	—	—
Profit/(loss) attributable to equity holders	**328.3**	**123.0**	**170.1**	**217.0**
	357.1	**137.4**	**182.7**	**215.5**
Earnings per share attributable to equity shareholders				
Basic earnings per share (in pence)	94.6	37.9	63.0	80.4
Diluted earnings per share (in pence)	93.2	37.4	61.4	79.0
Adjusted basic earnings per share (in pence)	129.4	75.6	107.1	105.3
Adjusted diluted earnings per share (in pence)	127.6	74.7	104.4	103.4
Earnings per share for continuing operations attributable to equity shareholders				
Basic earnings per share (in pence)	74.8	35.9	63.0	80.4
Diluted earnings per share (in pence)	73.7	35.5	61.4	79.0
Adjusted basic earnings per share (in pence)	103.4	72.9	107.1	105.3
Adjusted diluted earnings per share (in pence)	101.9	72.0	104.4	103.4
Dividend per share in respect of the financial period:				
Dividend per share paid during the year (in pence)	10.8	20.7	29.9	28.7
Dividend per share declared for the year (in pence)	25.2	9.7	30.8	29.5

Consolidated Statement of Financial Position

	As at 31 December		As at 31 March	
	2015	2014	2014	2013
	(£ million) (audited)			
Assets				
Non-current assets				
Property, plant and equipment	93.9	115.6	93.3	80.1
Intangible assets	3,704.2	4,484.7	2,476.0	2,049.3
Investments in associates	0.3	12.1	0.3	0.6
Investments in subsidiary undertakings	—	—	—	—
Deferred tax assets	34.6	76.5	42.2	19.2
Derivative financial instruments	22.4	22.7	6.7	4.3
Available for sale investments	61.0	4.8	4.8	—
Retirement benefit asset	25.2	16.0	14.5	—
Other non-current assets	46.0	64.8	38.0	12.0
	3,987.6	**4,797.2**	**2,675.8**	**2,165.5**
Current assets				
Inventories	3.7	6.6	0.5	1.5
Trade and other receivables	331.3	580.2	250.5	185.7
Derivative financial instruments	25.5	0.4	—	—
CCP financial assets	428,244.3	429,952.8	470,497.7	137,620.2
CCP cash and cash equivalents (restricted)	28,444.2	21,493.0	33,278.5	8,476.2
CCP clearing business assets	456,688.5	451,445.8	503,776.2	146,096.4
Current tax	7.2	24.3	22.3	24.6
Assets held at fair value	9.9	12.4	18.7	6.1
Cash and cash equivalents	923.9	1,127.2	919.2	446.2
	457,990.0	**453,196.9**	**504,987.4**	**146,760.5**
Assets held for sale	1,273.6	5.3	—	—
Total assets	**463,251.2**	**457,999.4**	**507,663.2**	**148,926.0**
Liabilities				
Current liabilities				
Trade and other payables	452.4	727.4	401.5	230.0
Derivative financial instruments	—	—	3.4	0.1
CCP clearing business liabilities	456,663.3	451,467.5	503,747.4	146,088.1
Current tax	3.5	51.6	14.8	43.2
Borrowings	930.2	789.9	278.7	0.4
Provisions	1.5	0.9	2.8	1.1
	458,050.9	**453,037.3**	**504,448.6**	**146,362.9**
Liabilities directly associated with assets held for sale	539.0	—	—	—
Non-current liabilities				
Borrowings	678.7	936.5	945.0	796.4
Other non-current payables	43.5	73.3	—	3.4
Derivative financial instruments	—	—	4.0	3.5
Deferred income	2.2	4.9	—	—
Deferred tax liabilities	625.6	861.3	176.0	109.0
Retirement benefit obligation	40.6	39.8	36.9	25.6
Other non-current liabilities	65.3	77.5	79.2	—
Provisions	9.3	13.5	16.6	26.2
	1,465.2	**2,006.8**	**1,257.7**	**964.1**
Total liabilities	**460,055.1**	**455,044.1**	**505,706.3**	**147,327.0**
Net assets	**3,196.1**	**2,955.3**	**1,956.9**	**1,599.0**
Equity				
Capital and reserves attributable to the Company's equity holders				
Ordinary share capital	24.0	23.9	18.8	18.8
Share premium	960.0	957.7	—	—
Retained (losses)/earnings	255.3	20.0	(79.0)	(126.8)
Other reserves	1,504.6	1,524.9	1,587.0	1,638.5
Total shareholder funds	**2,743.9**	**2,526.5**	**1,526.8**	**1,530.5**
Non-controlling interests	**452.2**	**428.8**	**430.1**	**68.5**
Total equity	**3,196.1**	**2,955.3**	**1,956.9**	**1,599.0**

Consolidated Statement of Cash Flow

	Year ended 31 December 2015	Nine month period ended 31 December 2014	Year ended 31 March 2014	Year ended 31 March 2013
		(£ million) (audited)		
Cash flow from operating activities				
Cash generated from/(absorbed by) operations	734.1	413.4	515.4	487.5
Interest received	1.8	3.1	4.6	2.4
Interest paid	(65.2)	(61.1)	(71.7)	(43.2)
Corporation tax paid	(172.3)	(65.6)	(99.8)	(64.9)
Withholding paid	(0.5)	(1.9)	(23.2)	(39.3)
Net cash inflow/(outflow) from operating activities	497.9	287.9	325.3	342.5
Cash flow from investing activities				
Purchase of property, plant and equipment	(30.1)	(16.1)	(23.6)	(18.2)
Purchase of intangible assets	(87.2)	(43.1)	(67.3)	(28.2)
Disposal proceeds from sale of property, plant and equipment	5.8	—	—	—
Investment in other acquisition	(1.5)	(1.3)	—	(11.2)
Investment in subsidiaries	(2.9)	(1,687.3)	(376.5)	(3.1)
Net cash inflow from acquisitions	0.2	290.8	432.0	1.1
Dividends received	8.2	0.7	0.3	0.2
Proceeds from sale of investment a subsidiary	21.8	—	7.1	—
Net cash outflow from disposal of subsidiaries	(0.3)	—	—	—
Net cash (outflow)/inflow from investing activities	(86.0)	(1,456.3)	(28.0)	(59.4)
Cash flow from financing activities				
Capital Raise	—	962.7	114.4	—
Dividends paid to shareholders	(115.5)	(56.2)	(80.8)	(77.4)
Dividends paid to non-controlling interests	(7.2)	(4.9)	(2.9)	(4.3)
Capital contribution in relation to non-controlling interests	12.7	1.3	—	—
Costs of capital raise	—	—	(2.7)	—
Purchase of own shares by ESOP Trust	—	(0.5)	(28.0)	(13.9)
Proceeds from own shares on exercise of employee share options	2.4	—	2.3	0.3
Investments in available for sale financial assets	(63.7)	—	—	—
Proceeds from finance lease	—	1.8	—	—
Repayments of finance lease	(6.8)	(1.2)	—	—
Proceeds from borrowings	—	519.9	283.5	297.6
Repayments from borrowings	(143.5)	—	(91.4)	(257.8)
Net cash (outflow)/inflow from financing activities	(321.6)	1,422.9	194.4	(55.5)
Increase/(decrease) in cash and cash equivalents	90.3	254.5	491.7	227.6
Cash and cash equivalents at beginning of year	1,127.2	919.2	446.2	216.0
Exchange gains/(losses) on cash and cash equivalents	(41.1)	(46.5)	(18.7)	2.6
Cash and cash equivalents at end of year	1,176.4	1,127.2	919.2	446.2
Cash and cash equivalents at end of year/period from continuing operations	923.9	1,127.2	919.2	446.2
Cash and cash equivalents at end of year/period from discontinued operations	252.5	—	—	—
Cash and cash equivalents at end of year/period	**1,176.4**	**1,127.2**	**919.2**	**446.2**

PART 16—OPERATING AND FINANCIAL REVIEW OF LSEG

The audited financial information below is extracted without material amendment from the audited Group Financial Statements of LSEG plc for the financial year ended 31 December 2015, the nine months financial year ended 31 December 2014 and the financial years ended 31 March 2014 and 2013. LSEG plc's Group Financial Statements (including with the auditors' reports thereon) for the financial year ended 31 December 2015 are set out in Annex 6: "LSEG plc Historical Financial Information" and for the financial years ended 31 December 2014 and 31 March 2013 and 2014 are incorporated by reference in this document as described in Part 25: "Documentation Incorporated by Reference".

You should read the information below in conjunction with LSEG plc's audited historical financial information and the auditors' reports contained in LSEG plc's annual report alongside the detailed information included in this document in Part 8: "Information on LSEG" and the other information incorporated by reference into this document and you should not rely solely on key and summarised information. Ernst & Young LLP has issued unqualified audit opinions in respect of the financial statements of LSEG plc for the financial year ended 31 December 2015 and the nine months financial year ended 31 December 2014 and PricewaterhouseCoopers LLP has issued unqualified audit opinions in respect of the financial statements for LSEG plc for each of the financial years ended 31 March 2014 and 2013.

Some of the information in the review set forth below and elsewhere in this document and in the information incorporated by reference into this document includes forward-looking statements that involve risks and uncertainties. LSEG plc's actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, including under "Part 1: "Risk Factors" and Part 2: "Presentation of Financial and Other Information—Forward-looking statements".

Overview

LSEG plc is an international markets infrastructure business. LSEG plc's diversified global business focuses on capital formation, intellectual property and risk and balance sheet management. LSEG plc operates an open access model, offering choice and partnership to customers across all of its businesses. The Group can trace its history back to 1698. LSEG plc operates in four main business divisions: Capital Markets, Post Trade Services, Information Services and Technology Services.

LSEG plc's capital markets division comprises a broad range of international equity, ETF, bond and derivatives markets, including: London Stock Exchange; Borsa Italiana; MTS, one of Europe's leading fixed-income markets; and Turquoise, a pan-European MTF. Through its platforms, LSEG plc offers market participants, including retail investors, institutions and SMEs unrivalled access to Europe's capital markets. LSEG also plays a vital economic and social role, enabling companies to access funds for growth and development. LSEG plc has also recently announced CurveGlobal, a new interest rate derivatives trading venture with a number of major dealer banks.

Post trade and risk management services are a significant and growing part of LSEG plc's business operations. In addition to LSEG plc's majority ownership of multi-asset global CCP operator, LCH.Clearnet, LSEG plc operates CC&G, the Italian clearing house; Monte Titoli, a leading European custody and settlement business; and globeSettle, LSEG plc's CSD based in Luxembourg. Through FTSE Russell, LSEG plc is a global leader in financial indices, benchmarks and analytical solutions with approximately $10 trillion benchmarked to its indices. LSEG plc also provides customers with an extensive range of real-time and reference data products, including SEDOL, UnaVista and RNS.

LSEG plc is also a leading developer of high performance trading platforms and capital markets software for customers and exchanges around the world.

Headquartered in London, with significant operations in Italy, France, North America and Sri Lanka, LSEG plc employs more than 3,500 people (excluding Russell Investments employees). LSEG plc's shares are admitted to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. LSEG plc is a member of the FTSE 100 index.

For the year ended 31 December 2015, for LSEG plc's continuing operations, income was £1,418.6 million and revenue was £1,324.7 million. For the year ended 31 December 2015, LSEG plc's operating profit from continuing operations was £404.4 million and its adjusted operating profit (before acquisition amortisation and non-recurring items) was £584.7 million. Discontinued operations, including Russell Investments, contributed an additional £962.9 million in income and £960.7 million in revenue and £124.9 million of adjusted operating profit for the year ended 31 December 2015.

In 2014, LSEG plc changed its financial year end from 31 March to 31 December so that its audited financial results for 2014 were for the nine months ended 31 December 2014, but for comparative purposes has provided unaudited numbers for the 12 months ended 31 December 2014. For this period, income for LSEG plc's continuing operations was £1,291.6 million and revenue was £1,194.2 million. For the 12 months ended 31 December 2014, LSEG plc's operating profit from continuing operations was £336.6 million and its adjusted operating profit (before acquisition amortisation and non-recurring items) was £545.4 million.

Key factors affecting LSEG plc's Financial Results

In addition to the principal drivers affecting LSEG plc's financial results described below, LSEG plc's results may also be affected by a number of more general factors, many of which are beyond its control. Please see the section entitled "*Risk Factors*".

LSEG plc's results have been affected, and are expected to be affected in the future, by a variety of factors, including the following:

Economic environment and market activity

Market sentiment and the overall condition of the economy directly affect the businesses that LSEG plc operates, as described in more detail below. Among other indicators, opportunities and appetite for investment, combined with consumer confidence, liquidity and GDP growth may create a positive environment for equity funding to support primary and secondary market activity and consequently other businesses of LSEG plc.

Other factors which may directly or indirectly influence LSEG plc's financial results include economic, political and geopolitical market conditions, inflation or deflation, trends in business and corporate finance, macro-economic changes in global or regional demand for equities, fixed-income and other capital markets products and services.

Capital Markets

The above factors affect LSEG plc's results through the volume of activity in capital markets. For example, the fees earned by LSEG plc's markets are linked to the number of trades (Italian equities, retail bonds and derivatives) and size of trades (value of securities traded in UK equities and government bonds) executed by participants in the secondary markets. LSEG plc's financial results are also impacted by the number and size of primary market issuances and the market capitalisation of companies on LSEG plc's markets, as these generate fee income for LSEG plc.

As a result of the relatively settled overall economic activity, the total amount of capital raised across LSEG plc's markets, both through new and further issues, decreased 2 per cent. to £41.7 billion in 2015 (CY2014: £42.6 billion). New issues for the UK Main Market increased whilst there was a decline in UK AIM listings. In total there were 88 issues on LSEG plc's UK Main Market (CY2014: 75), 27 in Italy (CY2014: 26) whilst there were 61 on AIM in the UK (CY2014: 118). Looking ahead, the pipeline of companies looking to join LSEG plc's markets remains good despite volatility in the first quarter of 2016.

Secondary markets revenue depends on trading levels, which vary according to market conditions and customer behaviour. These are influenced by a variety of factors, including, but not limited to, demographic changes, government policy, interest rates and EU and domestic legislation, in addition to the general economic environment and market conditions discussed above.

The improvement in market conditions and growing customer confidence have contributed to increased secondary market fees based on the value (UK equities and government bonds) or the number (Italian equities, retail bonds and derivatives) of trades transacted on LSEG plc's platforms by participants in the secondary markets. The average number of equity order book trades in Italy increased by 6 per cent. to 280,000 in the year ended 31 December 2015 (CY2014: 264,000) and the average order book equity value traded per day in London was £4.9 billion (CY2014: £4.6 billion).

Fixed-income and derivatives revenue rose by 1 per cent., reflecting growth from MTS Repo (volumes up 19 per cent.) offset by Cash and BondVision (down 2 per cent.). Derivatives revenues were broadly flat with growth in Italian derivatives trading being offset by continued low levels of Russian contracts.

Post Trade

Post Trade revenues, such as clearing fees, custody fees and fees/interest on collateral are also linked to market levels and activity and have therefore benefitted from the improvement in underlying economic conditions.

CC&G and Monte Titoli

Clearing revenues rose 10 per cent. in 2015 reflecting the growth in Italian equities, derivatives and fixed-income trading. Settlement revenues decreased 1 per cent. following a 7 per cent. decline in settlement instructions. In the Monte Titoli CSD business, revenues decreased by 1 per cent., in line with the decrease in the average value of assets under custody.

While LSEG plc is unable to control the underlying trends which drive the volumes traded on its platforms, it seeks to promote its services in order to increase the number of markets that are centrally guaranteed.

The rising global equity markets also benefitted custody and settlement revenues, which are dependent on movements in the value of the underlying assets under custody along with the number of settlements handled.

CC&G generates net treasury income by investing the cash margin and default funds it holds, retaining any surplus after members are paid a return on their cash collateral contributions. Factors that may impact net treasury income include fluctuations in the level of collateral held, for instance from movements in fixed-income and derivatives trading volumes, as well as changes in benchmark rates linked to member interest compensation or CC&G's investment portfolio. The average daily margin rose 24 per cent. to €12.3 billion for the year ended 31 December 2015 from €9.9 billion for 2014, through increased trading volumes. Net treasury income on a constant currency basis was flat at £29.3 million for the year ended 31 December 2015 with CY2014 benefitting from extraordinary gains of £9.0 million on the sale of long dated securities whilst rebalancing its portfolio offset by more favourable margins and spreads driving income in 2015.

LCH

Clearing revenues are based on trades or contracts cleared and CCP services provided. OTC revenues for Swapclear are based primarily on the number of members which rose from 114 in 2014 to 116 in 2015, as improvements in market conditions and increased client activity drove demand. OTC revenues do not always move in unison with non-OTC revenues. For example, in the year ended 31 December 2015, overall OTC revenue grew by 15 per cent. driven by continued strong growth in SwapClear, whereas non-OTC revenue was down 28 per cent. overall, increasing 1 per cent. excluding the loss of LME commodities clearing in September 2014 with overall revenue growth being driven by strong cash equities trading volumes. As the appetite from LSEG plc's customers operating on major platforms to mitigate counterparty risk grows LSEG plc expects the number of members and clients to continue to increase.

Net treasury income is the result of interest earned or paid on cash assets lodged with the clearing house, less interest on members margin and default fund contributions. The level of funds held is primarily driven by volumes cleared and volatility in the market. Income is also driven by short-term interest rates predominantly in the euro, U.S. dollar and pound sterling money markets. Net treasury income of £56.4 million was down 2 per cent. on a constant currency basis in 2015 (CY2014: £60.0 million) reflecting the impact of lower interest rates, offset by a 2 per cent. year on year increase in average cash collateral to €56.9 billion driven by SwapClear growth.

Information Services

Following the acquisition of Russell in December 2014 the Russell and FTSE index businesses were combined in 2015. FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide with around U.S.$10 trillion, or a quarter of global equity assets benchmarked to its indices. It calculates thousands of indices that measure and benchmark markets and asset classes in 72 countries. FTSE Russell's customers include asset managers (both active and passive), consultants, asset owners, sell-side firms and a range of other users. FTSE Russell's revenues are derived from subscriptions to data and data services and licences for IP rights over index-based financial products.

FTSE Russell is a leading provider of indices for the global Exchange Traded Fund (ETF) market with LSEG plc's index business being impacted by the volume of assets tracking FTSE Russell indices. A total of U.S.$381 billion was invested globally in ETFs benchmarked to FTSE Russell indices at the end of 2015 (end of 2013: U.S.$186 billion). This growth in AUM benchmarked an increase in data subscriptions and a full year of FTSE Russell Index business revenues resulted in an increase in licence and subscription fees for data and analytic services over the period.

LSEG plc's Real Time Data service provides the primary reference data for the UK and Italian financial markets, with real time, tick by tick data used by traders, brokers and fund managers around the globe. Real-time data revenue is mainly earned based on number of terminals taking LSEG plc's real-time price and trading data. The recent economic downturn and sector decline resulting in headcount reductions in the industry which uses LSEG plc's products and general cost cutting has impacted revenue, with a decline in the number of professional terminals taking LSEG plc data from 211,000 in 2013 to 207,000 in 2015.

Technology Services

Technology Services provide LSEG plc and its customers including banks, specialist trading firms and other capital market venues with resilient, high-speed, low latency trading platforms, post trade platforms, real time market data and infrastructure products and services. Sales of capital markets software and IT infrastructure services are dependent, among other things, on the number of customers and their appetite to invest in technology solutions which is linked to fluctuations in the economic environment. These sales ultimately generate LSEG plc's revenue. Interest from markets worldwide is stable, including from frontier and emerging markets looking to develop and promote their capital markets capabilities, which is expected to support LSEG plc's revenue in the future.

Legislative and regulatory changes

Legislative and regulatory developments affect the markets in which LSEG plc operates and the standards for its operations, which consequently impacts LSEG plc's financial results. As a global business, many of LSEG plc's activities are subject to regulation on a national and supranational basis, which results in additional costs to implement and maintain business offerings in compliance with existing and new regulation. However, global regulatory momentum may also create opportunities for LSEG plc, such as increased demand for risk management and OTC clearing services, which positively impact LSEG plc's post trade services revenues.

Regulatory factors in Europe such as MiFID II/MiFIR could have a negative impact on capital markets activity. However, they may also create opportunities for LSEG plc's post trade operations where LSEG plc's open access principles are aligned with the demand for greater transparency and improved, cost effective services. For example, UnaVista, in response to regulatory changes pursuant to EMIR, launched its trade repository solution to assist clients in managing their evolving regulatory and reporting needs. Increased demand for risk management and OTC clearing services are expected to positively impact LSEG plc's post trade services revenues. However, new Basel III standards for calculating regulatory capital requirements for banks' exposures to CCPs, which are due to take effect in their final form in January 2017, could have an adverse effect on LSEG plc's CCPs.

The scope of any EU tax on certain dealings in financial instruments continues to be discussed by the European Council, with participation from Member States. There is still a lack of certainty surrounding the proposed tax and its implementation, and it is not possible to predict what effect the proposed financial transaction tax might have on LSEG plc's business. The tax could adversely affect LSEG plc's business, as it might, for example, increase costs of trading or clearing in the markets in which LSEG plc operates, which might lead to a fall in demand for LSEG plc's trading and clearing services. However, other changes to tax legislation could have a positive impact for certain of LSEG plc's businesses. The UK Government's decision to abolish stamp duty for companies quoted on growth markets, such as AIM and the High Growth Segment, came into effect in April 2014, helping boost investment in companies admitted to such markets and reduce the cost of capital for UK businesses.

A number of regulatory initiatives and changes have been identified or proposed or are being implemented by regulators in jurisdictions in which LSEG plc operates, including businesses that, to date, have not been regulated. Certain future regulatory initiatives may provide new growth opportunities for LSEG plc, while others may have a negative impact on its business, financial condition and operating results. For example, forthcoming regulatory changes, such as market data specific proposals under MiFID II in the EU, are intended to promote greater transparency and reduce data costs across Europe by requiring increased disaggregation of data services and consideration of possible regulation of aspects of data pricing. It is not certain what impact these changes will have on LSEG plc's businesses and operations.

LSEG plc continually monitors developments and engages with regulatory and governmental authorities at both the national, EU and international level. LSEG plc's strategic planning takes account of the uncertain regulatory environment and its plans are flexible, with alternative options dependent on how the environment develops. LSEG plc works closely with its clients to best align its services to their needs in the context of emerging regulation.

Competition

In recent years, LSEG plc's business environment has been characterised by increasing competition among global markets, the globalisation of exchanges and more discerning customers. LSEG plc's equity markets face competition from foreign exchanges and other venues for listings, trading and the provision of market data for their securities. LSEG plc's derivatives markets are also in direct competition with securities, options and other derivatives exchanges, as well as MTFs and other venues, clearing member firms and other firms for trading, clearing and the provision of market data. LSEG plc's capital markets operations are at risk from competitors that improve their products, pricing and technology in a way that erodes its businesses.

The information services industry is characterised by a large number of participants and a high level of product innovation. The environment in which LSEG plc's index business operates is therefore subject to rapid change and intense competition, with project quality, brand and client relationships regarded as key competitive advantages for index businesses worldwide. LSEG plc expects that the information services industry will consolidate over the next three to five years, which as well as presenting opportunities, may adversely affect LSEG plc's businesses through client migration and subsequent loss of revenues.

The post trade industry is undergoing significant changes following the financial crisis, with a push by regulators and policy makers for more OTC trading to be carried out on market and for participants to utilise clearing services for certain OTC derivative products. The competitive landscape developing from such changes has created new business opportunities for LSEG plc, but may also increase the demand for alternative competitive offerings or require LSEG plc to introduce further offerings in relation to risk and balance sheet management.

Technological change

Market participants' demand for speed, capacity and reliability requires continued investment in technology by market infrastructure providers. LSEG plc faces ongoing competition for customers' trading activity from alternative platforms, including MTFs, as well as from internalisation by its member firms.

In addition, LSEG plc, as part of its technology sales, commits to develop and deliver new technological platforms and other products to third party customers. LSEG plc's technology solutions enable customers and markets to operate reliably, securely and efficiently. Delays or failures (in whole or part) in the delivery of such products may have an adverse effect on LSEG plc's ability to compete and the reputation, revenues and financial condition of LSEG plc.

Accordingly, LSEG plc incurs costs as a result of capital expenditure related to its ongoing investment in IT and infrastructure.

LSEG plc transformation

LSEG plc's diversification strategy has led to several corporate transactions in recent years, including the acquisition in December 2011 of the remaining 50 per cent. of FTSE that LSEG plc did not already own, its acquisition of a majority stake in LCH.Clearnet Group in May 2013, its acquisition of Bonds.com (now called MTS BondsPro) and acquisition of Russell in December 2014 and its acquisition of Exactpro in May 2015, as well as its sale of Proquote Ltd in the fourth quarter of 2015 and the announced divestiture of Russell Investments which is expected to close shortly. Following these transactions and as LSEG plc continues to pursue its strategy of developing growth opportunities through both organic and inorganic means (including the Merger), LSEG plc is, and will be, exposed to transformation risks as part of the alignment and integration processes that LSEG plc targets. The governance of LSEG plc is aligned and strengthened as appropriate as LSEG plc diversifies and includes regular reporting of change performance. However, the execution of additional corporate and strategic projects and failure to successfully align new businesses of LSEG plc may result in an adverse impact on day-to-day performance, operation of core services, revenue and revenue growth, key strategic initiatives and LSEG plc's reputation.

Exchange rate fluctuations

LSEG plc is exposed to exchange rate fluctuations. LSEG plc generates its revenues and incurs its costs in a mixture of currencies, including pounds sterling, euros and U.S. dollars, with a material proportion of its revenues denominated in currencies other than pounds sterling. LSEG plc files its consolidated financial reports and accounts in pounds sterling and declares and pays dividends to its shareholders in pounds sterling.

LSEG plc's principal foreign exchange exposure arises as a result of translating its euro earnings, assets and liabilities from its European based euro reporting businesses into pounds sterling and its U.S. dollar earnings, assets and liabilities from its North American based U.S. dollar reporting businesses into pounds sterling. A €0.10 movement in the average £/€ rate for the year ended 31 December 2015 would have changed LSEG plc's operating profit for the year before reflecting amortisation of purchased intangibles and non-recurring items by approximately £21 million reflecting a weakening euro or £24 million reflecting a strengthening euro. A $0.10 movement in the average £/$ rate for the year ended 31 December 2015 would have changed LSEG plc's operating profit for the year before reflecting amortisation of purchased intangibles and non-recurring items by approximately £5 million reflecting a strengthening U.S. dollar or £6 million reflecting a weakening U.S. dollar.

LSEG plc hedges its foreign currency translation risk in accordance with its treasury policy by arranging borrowings in currency to match its currency of earnings and executing appropriate derivative instruments to transform the currency of its existing debt. LSEG plc is also able to arrange derivatives to hedge its foreign currency transaction risk or manage this by settling currency payables or receivables within a short timeframe. Hedge accounting of derivatives is considered to mitigate material levels of income statement volatility.

Operating Results

Description of Income Statement Line Items

The following discussion provides a description of the composition of certain of LSEG plc's consolidated income statement line items for the periods under review.

Revenue

Revenue primarily consists of fee income generated from LSEG plc's four main business divisions: Capital Markets, Post Trade Services, Information Services and Technology Services. Capital Markets Primary Market revenue is generated through annual fees and admission fees based on the amount of capital raised and number of equity issuances for both domestic and international companies across the primary markets that LSEG plc operates. Secondary market revenue is driven by the volumes of trading of cash equities, fixed-income and derivatives on LSEG plc's platforms. LSEG plc offers a full range of post trade services through CC&G, Monte Titoli and through its majority stake in LCH, which generate revenue from clearing, settlement and custody services driven by volumes of trades and contracts cleared, number of members and settlement instructions. Information Services revenue primarily includes income from the provision of index data, which is influenced by the number of users accessing this data as well as AUM benchmarked to LSEG plc's FTSE Russell indices and the number of terminals taking LSEG plc real-time and trading data. Technology Services includes revenue generated from the provision of technology connections, data centre services, functional and non-functional testing provided by Exactpro along with the MillenniumIT business which provides advanced capital markets software solutions and enterprise services.

Revenue is allocated geographically based on the location of the LSEG entity which earns the revenue. The table below shows the geographical breakdown of revenue for the past four financial years:

	Year ended 31 December	Nine month period ended 31 December	Year ended 31 March	
	2015	2014(1)	2014	2013(2)
	(£ million) (audited)			
Revenue				
UK	749.3	546.1	659.5	432.9
Italy	264.7	213.9	283.5	255.4
France	83.7	75.0	87.0	1.9
USA	156.7	12.7	—	—
Other	70.3	37.0	58.3	36.2
Total	**1,324.7**	**884.7**	**1,088.3**	**726.4**

Note:

(1) Extracted from the financial statements for the year ended 31 December 2015 and re-presented to reflect the classification of Russell Investments and Proquote businesses as discontinued operations.

(2) Extracted from the financial statements for the year ended 31 March 2014.

Net treasury income through CCP business

Net treasury income includes interest income earned by investing the cash margin held, retaining any surplus after members are paid a return on their cash collateral contributions.

Cost of sales

Cost of sales comprises data and licence fees, data feed costs, expenses incurred in respect of revenue share arrangements and costs incurred in the MillenniumIT business that are directly attributable to the construction and delivery of customers' goods or services, and any other costs linked and directly incurred to generate revenues and provide services to customers.

Gross profit

Gross profit is the sum of income from revenue and net treasury income through CCP less cost of sales.

Operating expenses

Operating expenses comprise employee costs, IT costs, depreciation and non-acquisition software amortisation, marketing costs, rental of premises and other expenses incurred in running LSEG plc's operations.

Operating profit

Operating profit is the sum of income from revenue, net treasury income through CCP and share of profit after tax of joint ventures/associates, less cost of sales and operating expenses.

Finance income and expense

Finance income and expense primarily includes bank deposit and other interest income less interest payable on bank and other borrowings.

Taxation

Taxation primarily includes corporation tax for the period.

Profit for the period

Profit for the period is the sum of operating profit, finance income and expense less taxation.

Discontinued operations

During the year, LSEG plc classified certain of its businesses as discontinued operations. Discontinued operations comprises the Russell Investments and Proquote Ltd businesses. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Comparatives are also re-presented to reclassify disposed or held for sale businesses as discontinued operations. On 8 October 2015, LSEG plc announced it had agreed the sale of Russell Investments. The gain on the sale of the business will be liable for tax. The Proquote business was sold in October 2015.

Operating results for the three months ended 31 March 2016

On 27 April 2016, LSEG plc's management published the following interim management statement relating to its operating results for the three months ended 31 March 2016, reporting that LSEG had started the year well and delivered a strong Q1 financial performance. LSEG achieved underlying growth in each of its core business areas, with particularly strong performance in LCH's OTC clearing, at FTSE Russell and good results across Capital Markets. LSEG also continued to make good progress integrating recent acquisitions, developing innovative new products and expanding services and partnerships in line with its successful open access strategy.

Continuing Operations

	Three months ended 31 March	
	2016	**2015**
	(£ million) (unaudited)	
Revenue		
Capital Markets	92.4	85.9
Post Trade Services—CC&G and Monte Titoli	23.5	23.4
Post Trade Services—LCH	84.3	73.9
Information Services	141.5	128.5
Technology Services	16.2	19.6
Other	1.0	0.8
Total revenue from continuing operations	**358.9**	**332.1**
Net treasury income through CCP businesses	27.9	20.2
Other income	0.8	1.7
Total income from continuing operations	**387.6**	**354.0**

Operating results for the years ended 31 December 2015 and 2014

Discussion of LSEG plc's operating results for the financial year ended 31 December 2015 and the 12 months ended 31 December 2014 is incorporated by reference from LSEG plc's Annual Report and Accounts 2015, the relevant pages of which are incorporated by reference in this document as described in Part 25: "*Documentation Incorporated by Reference*".

Operating results for the years ended 31 March 2014 and 2013

Discussion of LSEG plc's operating results for the financial years ended 31 March 2014 and 2013 is incorporated by reference from LSEG plc's Annual Report and Accounts for the financial year ended 31 March 2014 and 31 December 2013, the relevant pages of which are incorporated by reference in this document as described in Part 25: "*Documentation Incorporated by Reference*".

Liquidity and Capital Resources

Cash flows

Discussion of LSEG plc's cash flows for the financial year ended 31 December 2015 and the nine-months financial year ended 31 December 2014 is incorporated by reference from LSEG plc's Annual Report and Accounts for the financial year ended 31 December 2015 and the nine-months financial year ended 31 December 2014, the relevant pages of which are incorporated by reference in this document as described in Part 25: "*Documentation Incorporated by Reference*".

Discussion of LSEG plc's cash flows for the financial years ended 31 March 2014 and 2013 is incorporated by reference from its Annual Report and Accounts for the financial years ended 31March 2014 and 31 March 2013, the relevant pages of which are incorporated by reference in this document as described in Part 25: "*Documentation Incorporated by Reference*".

Liquidity

LSEG plc's primary source of liquidity is cash generated by its operating activities, as well as LSEG plc's committed revolving credit facilities described below.

At 31 December 2015, adjusted net debt (after setting aside £888.1 million of cash for regulatory and operational support purposes was £1,272.7 million while drawn borrowings of £1,608.9 million were £117.5 million lower than at the start of the financial year.

Financial Instruments

As at 31 December 2015, LSEG plc had committed undrawn bank lines of £0.5 billion. LSEG plc's total available cash on hand (excluding cash required for regulatory purposes) was £204.8 million. The existing facilities are provided on a fully committed basis from a syndicate of banks. As at 31 December 2015, adjusted net debt: EBITDA had reduced to 1.7 times.

On 25 June 2014, LSEG plc entered into a £600 million revolving credit facility with The Bank of Tokyo-Mitsubishi UFJ, Ltd, Abbey National Treasury Services plc, Barclays Bank PLC, HSBC Bank plc, Royal Bank of Canada and The Royal Bank of Scotland plc for a term of two years plus a one year extension, which has been exercised at LSEG plc's option, with a floating rate of interest based on an interest rate margin of 0.60 per cent. per annum over LIBOR/EURIBOR (the "**2014 Revolving Credit Facility**").

On 9 November 2015, LSEG plc entered into an additional £600 million revolving facility agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd, HSBC Bank plc, The Royal Bank of Scotland plc, Abbey National Treasury Services plc, Barclays Bank PLC, China Construction Bank Corporation London Branch, Royal Bank of Canada and Wells Fargo Bank, National Association, London Branch (the "**2015 Revolving Credit Facility**"). The 2015 Revolving Credit Facility has a term of five years plus a series of two consecutive one year extension options available at the lenders' option upon LSEG plc's request. The facility has a floating rate of interest based on an interest rate margin of 0.45 per cent. per annum over LIBOR/EURIBOR. The 2015 Revolving Credit Facility replaced a £700 million 2013 Revolving Credit Facility.

The 2014 Revolving Credit Facility and 2015 Revolving Credit Facility contain consistent terms appropriate for an investment grade borrower including change of control provisions which, if triggered, allow the facility agent upon instructions from the majority lenders and following an appropriate grace period to cancel the facility and declare all outstanding loans under the agreement, together with accrued interest and all other amounts accrued, due and payable.

CC&G Credit Facility Agreements

Certain credit facility agreements are provided by commercial banks specifically to CC&G as CCP to the Italian markets. These facilities are to support CC&G's liquidity requirements and are also available to meet certain needs that may arise in the case of certain events, such as the management of participant insolvency or to meet CC&G obligations to central securities depositories and ICSDs.

The CC&G credit facilities are provided by Intesa San Paolo, BNP Paribas, Unicredit, Mediobanca, Cariparma, and Banco Desio. The facilities comprise an aggregate of approximately €420 million of bi-lateral commitments, with the majority requiring a pledge of government securities as eligible collateral to allow drawings. They are rarely called upon.

Bond Issuances

LSEG plc has issued the following interest bearing securities, all of which are governed by English law:

	Principal Amount	Coupon	Maturity
		(£ million) (unaudited)	
2016 Notes[(1)]	£250 million	5.875%	7 July 2016
2019 Notes[(2)]	£250 million	9.125%	18 October 2019
2021 Retail bonds[(3)]	£300 million	4.750%	2 November 2021
LCH preferred securities[(4)]	€200 million	6.576%	Perpetual

Note:

(1) The 2016 Notes are unsecured and unsubordinated obligations of LSEG plc constituted by a trust deed dated 7 July 2006 made between LSEG plc and HSBC Trustee (C.I.) Limited and the coupon-holders. Interest is paid semi-annually and may be increased or decreased in the event of a change in credit ratings assigned to the 2016 Notes (presently 5.875 per cent.). The terms and conditions applicable to the 2016 Notes also contain, *inter alia*, a negative pledge, redemption and purchase provisions and events of default as well as a holder redemption option triggered by a change of control coupled with a ratings decline.

(2) The 2019 Notes are unsecured and unsubordinated obligations of LSEG plc constituted by a trust deed dated 18 June 2009 made between LSEG plc and HSBC Corporate Trustee Company (UK) Limited and the coupon-holders. Interest is paid semi-annually and may be increased or decreased in the event of a change in credit ratings assigned to the 2019 Notes (presently 9.125 per cent.). The terms and conditions applicable to the 2019 Notes also contain, *inter alia*, a negative pledge, redemption and purchase provisions and events of default as well as a holder redemption option triggered by a change of control coupled with a ratings decline.

(3) On 2 November 2012, LSEG plc issued £300 million sterling denominated 4.75 per cent. bonds due 2 November 2021 under its £1 billion Euro Medium Term Note Programme. Interest is paid semi-annually until maturity on 2 November 2021. The retail bonds are admitted to trading on the London Stock Exchange's regulated market and are direct, unconditional, unsubordinated and (subject to provisions) unsecured obligations of LSEG plc. The terms and conditions applicable to the 2021 retail bonds also contain, *inter alia*, a negative pledge, redemption and purchase provisions and events of default as well as a holder redemption option triggered by a change of control coupled with a ratings decline.

(4) In May 2007, LCH Group issued through Freshwater Finance plc a €200 million of Perpetual Preferred Securities to underpin its capital structure. In May 2017, this coupon is replaced by a rate of three month Euribor plus 2.1 per cent. per annum. The preferred securities are redeemable in whole at the option of the LCH Group on the 10th anniversary of issue, or any distribution date thereafter.

Deed of Guarantee in relation to LCH preferred securities

LCH entered into a Deed of Guarantee, dated 27 May 2007, for the benefit of the holders of the preferred securities issued by LCH.Clearnet Funding LP.

Pursuant to the Deed of Guarantee executed as a deed poll by LCH on 27 May 2007, LCH provides a subordinated guarantee in favour of the holders of the preferred securities issued by LCH.Clearnet Funding LP, in respect of:

(a) any declared but unpaid non-cumulative distributions in respect of the preferred securities which have accrued from the date of issue of the preferred securities, being 27 May 2007;

(b) payments on redemption of the preferred securities; and

(c) any additional amounts the holders are entitled to receive as may be necessary to ensure that the net amount of distributions received by the holders, after applicable withholding or deduction for any UK tax, shall equal the amounts which would have been received in respect of the preferred securities in the absence of such withholding or deduction.

The subordinated guarantee ranks junior to all other liabilities of LCH, including subordinated liabilities, other than parity securities with which the guarantee ranks *pari passu*, and senior only to the holders of the LCH shares.

Currently, LCH has €180 million (nominal value) of preferred securities outstanding of the initial €200 million, having repurchased €20 million in the market.

Commitments and Contingent Liabilities

Commitments

LSEG plc has various contractual obligations and commercial commitments to make future payments, including bank loans, long term debt instruments, overdrafts and lease obligations. The following table summarises LSEG plc's future obligations (including interest up until 31 December 2015) under these contracts due by the periods indicated as of 31 December 2015.

	Less than a year	Between one and five years	More than five years	Total
		(£ million) (unaudited)		
Contractual obligations				
Borrowings	930.2	380.8	297.9	1,608.9
Leases	25.6	85.8	81.4	192.8
Total	955.8	466.6	379.3	1,801.7

Capital Investments and Capital Expenditure

For the year ended 31 December 2015, LSEG had approximately £132 million in capital investments, which were mainly financed by capital flow from operating business. Since 2013 the capital expenditure comprised primarily of investments in technology upgrades, new projects and integration of LCH and FTSE Russell. The following table sets forth a more detailed breakdown of LSEG's investments and capital expenditure for the periods indicated.

	For the year ended 31 December 2015	For the nine months ended 31 December 2014	For the 12 months ended 31 March	
			2014	2013
		(£ million)		
Property, plant and equipment	31.2	18.2	22.8	18.0
Software	100.4	48.5	106.8	22.4
Total	**131.6**	**66.7**	**129.6**	**40.4**

Looking forward, LSEG expects capital expenditure levels in the year ahead to run at similar levels, with depreciation also growing over time in the operating cost line. However, as at 31 December 2015, LSEG had contracted capital commitments of only £0.9 million. Investments are expected to focus on efficient new technology and investments in infrastructure to support future growth as well as investments to realise cost efficiencies and synergies through further investment at FTSE Russell and LCH. Ongoing and future investments are expected to be financed through operating cash flows.

Qualitative and Quantitative Disclosures about Market Risk

Description of LSEG plc's qualitative and quantitative disclosures about market risk are found in footnote 2 of its consolidated audited financial statements for the year ended 31 December 2015, which can be found in Annex 6 to this document.

Critical Accounting Policies

Critical accounting policies are those policies that require the application of LSEG plc's management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. A detailed description of certain of the main accounting policies used in preparing LSEG plc's historical financial information is set forth in note 1 to its consolidated audited financial statements for the year ended 31 December 2015, which can be found in Annex 6 to this document.

PART 17—CAPITALISATION AND INDEBTEDNESS

Section A: Capitalisation and indebtedness of the Deutsche Börse Group

The following table shows the capitalisation of the Deutsche Börse Group as at 31 March 2016 and the indebtedness and cash of the Deutsche Börse Group as at 31 March 2016. The figures for the capitalisation of the Deutsche Börse Group have been extracted from the Deutsche Börse Unaudited Interim Financial Information included in Annex 5 herein. There has been no material change in the capitalisation of Deutsche Börse AG, as set out in the table below, since 31 March 2016. The figures for the cash and indebtedness of the Deutsche Börse Group have been extracted from the Deutsche Börse Unaudited Interim Financial Information included in Annex 5 herein. There has been no material change in the indebtedness of the Deutsche Börse Group since 31 March 2016.

You should read this table together with Part 14: "*Operating and Financial Review of the Deutsche Börse Group*" and Part 19: "*Historical Financial Information of Deutsche Börse AG*".

Consolidated Capitalisation Statement

	As at 31 March 2016
	(€ million) **(unaudited)**
Total current debt	**302.8**
Guaranteed	0
Secured	0
Unguaranteed/unsecured	302.8
Total non-current debt (excluding current portion of long-term debt)	**2,537.6**
Guaranteed	0
Secured	0
Unguaranteed/unsecured	2,537.6
Total shareholders' equity	**3,814.4**
Share capital	193
Retained earnings	2,295.4
Capital reserve	1,326.0
Total	**6,654.8**

Consolidated Indebtedness Statement

	As at 31 March 2016
	(€ million) **(unaudited)**
A. Cash	706.4
B. Cash equivalent	0
C. Trading securities	0
D. Liquidity (A)+(B)+(C)	706.4
E. Current financial receivables	**0**
F. Current bank debt	45.2
G. Current portion of non-current debt	0
H. Other current financial debt	257.6
I. Current financial debt (F)+(G)+(H)	**302.8**
J. Non-current financial indebtedness (I)-(E)-(D)	**(403.6)**
K. Non-current bank loans	0
L. Bonds issued	2,537.6
M. Other non-current loans	0
N. Non-current financial indebtedness (K)+(L)+(M)	**2,537.6**
O. Net financial indebtedness (J)+(N)	**2,134.0**

As of 31 March 2016, Deutsche Börse had, in the amount not quantifiable, contingent liabilities arising from litigation, but no indirect liabilities. The contingent liabilities result from litigation and their amount cannot be quantified. See also Note 37 of the Deutsche Borse 2015 Financial Statements.

Section B: Capitalisation and indebtedness of LSEG

As at 31 December 2015, the total shareholders' funds (consisting of total ordinary share capital, retained earnings and losses and other reserves) of LSEG plc in accordance with IFRS as adopted by the EU was £2,743.9 million.

The following tables show the capitalisation of LSEG as at 31 December 2015 and the indebtedness and cash of LSEG as at 31 March 2016. The figures for the capitalisation of LSEG have been extracted from the audited historical financial information of LSEG as at 31 December 2015 included in Annex 6 herein. There has been no material change in the capitalisation of LSEG plc, as set out in the table below, since 31 December 2015. The figures for the cash and indebtedness of LSEG have been derived from LSEG's unaudited management information as at 31 March 2016. There has been no material change in the indebtedness of LSEG since 31 March 2016.

You should read the tables together with Part 16: "*Operating and Financial Review of LSEG*" and Part 20: "*Historical Financial Information of LSEG plc*".

Capitalisation

	As at 31 December 2015 (£ million) (unaudited[1])
Total current debt[2]	880.6
Guaranteed	0
Secured	0
Unguaranteed/unsecured[2]	880.6
Total non-current debt (excluding current portion of long-term debt)[2]	689.0
Guaranteed	0
Secured	0
Unguaranteed/unsecured[2]	689.0
Total shareholders' equity (audited)	**2,743.9**
Share capital (audited)	24.0
Retained earnings (audited)	255.3
Other reserves (audited)	2,464.6
Total	**4,313.5**

Note:

(1) Unless characterised otherwise.

(2) Debt as of 31 March 2016.

Net Financial Indebtedness

	As at 31 March 2016
	(£ million) **(unaudited)**
A. Cash	1,253.3
B. Cash equivalent (liquid financial assets)	87.3
C. Trading securities	0
D. Liquidity (A)+(B)+(C)	**1,340.6**
E. Current financial receivables[1]	**17.7**
F. Current bank debt	630.5
G. Current portion of non-current debt	250.1
H. Other current financial debt	0
I. Current financial debt (F)+(G)+(H)	**880.6**
J. Net current financial indebtedness (I)-(E)-(D)	**(477.7)**
K. Non-current financial receivables	0
L. Bonds issued[2]	689.0
M. Other non-current loans	0
N. Non-current financial indebtedness (K)+(L)+(M)	**689.0**
O. Net financial indebtedness (J)+(N)	**211.3**

Note:

(1) Includes net position of cash-settled derivative financial assets (cross currency swaps) consisting of a net positive position of £14.3 million for swaps with a remaining maximum duration of less than one year and a net positive position of £3.4 million for swaps with a duration of more than one year.

(2) Consists of an aggregate amount of bonds and preferred securities.

As at 31 March 2016, LSEG had no contingent liabilities and no indirect liabilities.

PART 18—HISTORICAL FINANCIAL INFORMATION OF HOLDCO

Part A—Accountant's report on historical financial information

KPMG

The Directors and Proposed Directors
HLDCO123 PLC
10 Paternoster Square
London
EC4M 7LS

1 June 2016

Ladies and Gentlemen

HLDCO123 PLC

We report on the financial information set out in Part 18 of the prospectus issued by HLDCO123 PLC dated 1 June 2016. This financial information has been prepared for inclusion in the prospectus dated 1 June 2016 of HLDCO123 PLC on the basis of the accounting policies set out in note 1. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors and proposed directors of HLDCO123 PLC are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the prospectus dated 1 June 2016, a true and fair view of the state of affairs of HLDCO123 PLC as at the dates stated in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as described in note 1.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

Part B—Historical Financial Information of HoldCo

Balance Sheet

	Note	31 March 2016 (£)
Assets		
Current assets		
Trade and other receivables		50,000
Total assets		50,000
Equity & Liabilities		
Equity		
Called up share capital	2	50,000
Retained earnings		—
Total equity		50,000
Current liabilities		
Amounts due to related parties		—
Trade and other payables		—
Total liabilities		—
Total equity and liabilities		50,000

No income statement, statement of cash flows or statement of changes in equity is presented as the Company has not entered into any transactions in the period.

Notes to the Financial Information

1 Basis of preparation

The Company was incorporated on 9 March 2016. The Company has not yet commenced business, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

The Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and its interpretations promulgated by the International Accounting Standards Board ("**IASB**")

The financial information is presented in pounds sterling, and has been prepared under the historical cost convention.

2 Capital and reserves

On incorporation, the issued share capital of the Company was £50,000 consisting of 1 ordinary share of £1.00 issued at a nominal value of £1.00 and 49,999 redeemable preference shares of £1.00 each. The HoldCo Sole Shareholder currently owns 49,999 redeemable preference shares and 1 ordinary share in the capital of HoldCo, representing the entire issued share capital of HoldCo as at the date of this document.

Share Capital

Authorised, issued and fully paid	£
1 ordinary share of £1.00	1
49,999 redeemable preference shares of £1.00 each	49,999

3 Post balance sheet events

At the general meeting of the Company held on 10 May 2016, the HoldCo Sole Shareholder approved resolutions to amend the rights attached to the existing one ordinary share of the Company such that upon Completion and at the same time as the issue of new HoldCo Shares pursuant to the Merger, the one ordinary share currently held by the HoldCo Sole Shareholder will automatically be converted into a deferred share in accordance with the articles of association of HoldCo. That share will subsequently be repurchased by HoldCo and cancelled. It is also intended that the 49,999 redeemable preference shares of £1.00 each currently held by the HoldCo Sole Shareholder will be redeemed and cancelled by HoldCo on or shortly after Completion such that the HoldCo Sole Shareholder ceases to hold any shares in the capital of HoldCo.

PART 19—HISTORICAL FINANCIAL INFORMATION OF DEUTSCHE BÖRSE AG

Historical financial information for the year ended 31 December 2015, 2014 and 2013 and the three months ended 31 March 2016 and 2015

The following historical financial information are set out in Annex 5: "*Deutsche Börse AG Historical Financial Information*" to this document:

(i) The audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2015 (the "**Deutsche Börse 2015 Financial Statements**"), together with the unqualified independent audit report thereon, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2015;

(ii) the audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2014 (the "**Deutsche Börse 2014 Financial Statements**"), together with the unqualified independent audit report thereon, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2014;

(iii) the audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2013 (the "**Deutsche Börse 2013 Financial Statements**"), together with the unqualified independent audit report thereon, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2013; and

(iv) the unaudited interim condensed consolidated financial information of the Deutsche Börse Group for the three months ended 31 March 2016 (the "**Deutsche Börse Unaudited Interim Financial Information**").

PART 20—HISTORICAL FINANCIAL INFORMATION OF LSEG PLC

Part A: Historical financial information for the financial year ended 31 December 2015

The audited consolidated financial statements of LSEG for the year ended 31 December 2015, together with the unqualified independent audit report thereon, as set out in LSEG plc's Annual Report for the year ended 31 December 2015 are set out in Annex 6: "*LSEG plc Historical Financial Information*" to this document.

Part B: Historical financial information for the nine months financial year ended 31 December 2014 and for the financial years ended 31 March 2014 and 2013

Incorporation by Reference

The audited consolidated financial statements of LSEG for the nine months financial year ended 31 December 2014, and the financial years ended 31 March 2014 and 2013, together with the unqualified independent audit reports thereon, as set out in LSEG plc's Annual Reports for the nine months financial year ended 31 December 2014, and the financial years ended 31 March 2014 and 2013, respectively, are incorporated by reference into this document. In 2014, LSEG changed its financial year end from 31 March to 31 December, resulting in a nine-months financial year ended 31 December 2014.

The following list is intended to enable investors to easily identify specific items of financial information which have been incorporated by reference into this document

Reference document	Information incorporated by reference	Page number in reference document
Annual Report and Accounts for the nine months financial year ended 31 December 2014	Independent auditors' report	102–105
	Consolidated income statement	106
	Consolidated statement of comprehensive income	106
	Balance sheets	107
	Cash flow statements	108
	Statements of changes in equity	109
	Notes to the financial statements	110–141
Annual Report and Accounts for the year ended 31 March 2014	Independent auditors' report	76
	Consolidated income statement	77
	Consolidated statement of comprehensive income	77
	Balance sheets	78
	Cash flow statements	79
	Statements of changes in equity	80
	Notes to the financial statements	81–109
Annual Report and Accounts for the year ended 31 March 2013	Independent auditors' report	69
	Consolidated income statement	70
	Consolidated statement of comprehensive income	70
	Balance sheets	71
	Cash flow statements	72
	Statements of changes in equity	73
	Notes to the financial statements	74–109

PART 21—UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE COMBINED GROUP AND ACCOUNTANTS REPORT

Section A: Unaudited Pro Forma Financial Information for the Combined Group

The unaudited pro forma statement of net assets and pro forma income statement (together "**Unaudited Pro Forma Financial Information**") of the Combined Group set out below have been prepared in accordance with Annex I and Annex II of the PD Regulation and on the basis of the notes set out below. The Unaudited Pro Forma Financial Information is presented in euro, the proposed functional currency of the Company. The Unaudited Pro Forma Financial Information The Unaudited Pro Forma Financial Information has been prepared on the basis of the financial statements of LSEG plc and Deutsche Börse AG for the period ended 31 December 2015, the date to which the latest financial information in relation to both entities was prepared. The unaudited pro forma income statement has been prepared to illustrate the effect on the earnings of the Company as if the proposed Merger had taken place on 1 January 2015. The unaudited pro forma statement of net assets has been prepared to illustrate the effect on the net assets of the Company as if the proposed Merger had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Combined Group's actual financial position or results.

The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies to be adopted by the Company in preparing its next audited consolidated financial statements.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of Section 434 of the Companies Act. The Unaudited Pro Forma Financial Information does not purport to represent what the Combined Group's financial position and results of operations actually would have been if the Merger had been completed on the dates indicated nor do they purport to represent the results of operations for any future period or the financial condition at any future date. Shareholders should read the whole of this document and not rely on the summarised financial information contained in this Part 21. KPMG's report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part 21.

Information for HoldCo is not included in the Unaudited Pro Forma Financial Information because HoldCo did not exist at any time during the period ended 31 December 2015 and, even if it were assumed to have been in existence, would not have had a meaningful or material impact on the Unaudited Pro Forma Financial Information.

Unaudited pro forma Income Statement

	LSEG plc Year Ended 31 December 2015 (Note 1)	Deutsche Börse AG Year ended 31 December 2015 (Note 2)	Pro froma Adjustments		Pro Forma Combined Group
			Transaction costs (Note 4)	Tax benefits of transaction costs (Note 5)	
			(€ million)		
Revenue					
Total income	**1,955.1**	**2,797.0**	**—**	**—**	**4,752.1**
Cost of sales	(173.0)	(429.6)	—	—	(602.6)
Gross profit	**1,782.1**	**2,367.4**	**—**	**—**	**4,149.5**
Expenses					
Operating expenses before amortisation of purchased intangible assets and non-recurring items	(976.3)	(1,243.4)	—	—	(2,219.7)
Amortisation of purchased intangible assets and non-recurring items	(249.2)	(131.4)	(308.4)	—	(689.0)
Gain on disposal of asset	0.7	—	—	—	0.7
Operating profit	**557.3**	**992.6**	**(308.4)**		**1,241.5**
Net interest expense	(94.1)	(42.4)	—	—	(136.5)
Income taxes	(66.3)	(249.0)	—	78.5	(236.8)
Profit from continuing operations	**396.9**	**701.2**	**(308.4)**	**78.5**	**868.2**
Profit attributable to non-controlling interests	39.1	35.7	—	—	74.8
Profit attributable to equity holders	357.8	665.5	(308.4)	78.5	793.4
Profit from continuing operations	**396.9**	**701.2**	**(308.4)**	**78.5**	**868.2**
Add back:					
Continuing Non-recurring items (Note 6)	42.3	128.5	308.4	—	479.2
Continuing Amortisation and depreciation (Note 7)	287.4	143.7	—	—	431.1
Continuing Taxation	66.3	249.0	—	(78.5)	236.8
Continuing Net interest expense	94.1	42.4	—	—	136.5
Adjusted EBITDA from continuing operations	**887.0**	**1,264.8**	**—**	**—**	**2,151.8**
Profit from discontinued operations	**95.2**	**—**	**—**	**—**	**95.2**
Add back:					
Discontinued Non-recurring items	30.7	—	—	—	30.7
Discontinued Amortisation and depreciation	9.8	—	—	—	9.8
Discontinued Taxation	39.3	—	—	—	39.3
Discontinued Net interest income	(2.9)	—	—	—	(2.9)
Adjusted EBITDA from discontinued operations	172.1	—	—	—	172.1
Adjusted EBITDA	**1,059.1**	**1,264.8**	**—**	**—**	**2,323.9**
Dividends					
Interim paid	51.7	—	—	—	51.7
Final proposed	120.9	420.1	—	—	541.0
Total	**172.6**	**420.1**	**—**	**—**	**592.7**

Unaudited pro forma Net Assets Statement

	LSEG plc as at 31 December 2015 (Note 1)	Deutsche Börse AG as at 31 December 2015 (Note 2)	Pro forma Adjustments: Elimination of purchased intangibles and goodwill (Note 3)	Estimated excess of purchase consideration over net assets acquired (Note 3)	Transaction costs (Note 4)	Tax benefits of transaction costs (Note 5)	Pro Forma Combined Group
				(€ million)			
Assets							
Non-current assets							
Property, plant and equipment	127.8	109.7	—	—	—	—	237.5
Intangible assets	5,039.6	4,633.0	(9,024.9)	29,049.2	—	—	29,696.9
Investments in associates	0.4	38.5	—	—	—	—	38.9
Deferred tax assets	47.1	148.3	—	—	—	—	195.4
Derivative financial instruments	30.5	32.3	—	—	—	—	62.8
Receivables and securities from banking business	—	2,018.6	—	—	—	—	2,018.6
Financial instruments held by CCPs	—	7,175.2	—	—	—	—	7,175.2
Available for sale investments .	83.0	219.4	—	—	—	—	302.4
Retirement benefit asset	34.3	—	—	—	—	—	34.3
Other non-current assets	62.6	11.9	—	—	—	—	74.5
	5,425.3	**14,386.9**	**(9,024.9)**	**29,049.2**	**—**	**—**	**39,836.4**
Current assets							
Inventories	5.0	—	—	—	—	—	5.0
Trade and other receivables . .	450.7	1,581.1	—	—	—	—	2,031.8
Derivative financial instruments	34.7	—	—	—	—	—	34.7
CCP financial assets	582,626.4	126,289.6	—	—	—	—	708,916.0
CCP cash and cash equivalents (restricted)	38,698.3	26,870.0	—	—	—	—	65,568.3
CCP clearing business assets .	621,324.7	153,159.6	—	—	—	—	774,484.3
Receivables and securities from banking business	—	10,142.9	—	—	—	—	10,142.9
Current tax	9.8	94.2	—	—	—	—	104.0
Assets held at fair value	13.5	—	—	—	—	—	13.5
Cash and cash equivalents . . .	1,257.0	711.1	—	—	—	—	1,968.1
	623,095.4	165,688.9	—	—	—	—	788,784.3
Assets held for sale	1,732.7	—	—	—	—	—	1,732.7
Total assets	**630,253.4**	**180,075.8**	**(9,024.9)**	**29,049.2**	**—**	**—**	**830,353.4**
Liabilities							
Current liabilities							
Trade and other payables . . .	615.5	549.1	—	—	308.4	—	1,473.0
CCP clearing business liabilities	621,290.4	152,875.5	—	—	—	—	774,165.9
Liabilities from banking business	—	11,681.4	—	—	—	—	11,681.4
Current tax	4.8	316.7	—	—	—	(78.5)	243.0
Borrowings	1,265.5	42.2	—	—	—	—	1,307.7
Other current provisions	—	330.4	—	—	—	—	330.4
Provisions	2.0	—	—	—	—	—	2.0
	623,178.2	**165,795.3**	**—**	**—**	**308.4**	**(78.5)**	**789,203.5**
Non-current liabilities			—	—			
Borrowings	923.4	2,546.5	—	—	—	—	3,469.9
Derivative financial instruments	—	—	—	—	—	—	—
Deferred income	3.0	—	—	—	—	—	3.0
Financial instruments held by CCPs	—	7,175.2	—	—	—	—	7,175.2
Deferred tax liabilities	851.1	581.3	—	—	—	—	1,432.4
Retirement benefit obligation .	55.2	140.7	—	—	—	—	195.9
Other non-current liabilities . .	148.0	10.0	—	—	—	—	158.0
Provisions	12.7	131.7	—	—	—	—	144.4
	1,993.4	**10,585.4**	**—**	**—**	**—**	**—**	**12,578.8**
Liabilities held for sale	733.3	—	—	—	—	—	733.3
Total liabilities	**625,904.9**	**176,380.7**	**—**	**—**	**308.4**	**(78.5)**	**802,515.6**
Net assets	**4,348.5**	**3,695.1**	**(9,024.9)**	**29,049.2**	**(308.4)**	**78.5**	**27,837.8**

Notes:

1. LSEG financial information for the year ended 31 December 2015

The IFRS information for LSEG was extracted from the audited consolidated financial statements of LSEG plc for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

An average rate of exchange of €1.3782 = £1 and a spot rate of €1.3605 = £1 have been used to convert the financial information for LSEG into euro for the year ended 31 December 2015 and 31 December 2015 spot rate respectively.

2. Deutsche Börse Group financial information for the year ended 31 December 2015

The IFRS information for the Deutsche Börse Group was extracted from the audited consolidated financial statements of Deutsche Börse AG for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU. The accounting policies adopted by Deutsche Börse Group are consistent with those used to prepare the financial statements of LSEG.

For the purposes of the Deutsche Börse Group's net asset statement "Other equity investments" have been included in "available for sale investments", "Trade and other receivables" is the combination of "Trade receivables", "other current assets" and "Receivables from related parties", "trade and other payables" is the combination of "trade payables", "other current provisions" and "liabilities to related parties" and "CCP clearing business liabilities" is the combination of "financial instruments held by central counterparties" and "cash deposits by market participants".

3. Estimated excess of purchase consideration over net assets acquired

Estimated purchase consideration and related excess purchase consideration over book value of net assets acquired are as follows:

Pro forma adjustments

	€ million	€ million	Notes
Estimated Excess of Purchase Consideration over net assets acquired			
Estimated Purchase Consideration		28,067.7	i
Less: LSEG book value of net assets acquired	(4,348.3)		
Less: Deutsche Börse Group book value of net assets acquired	(3,695.1)		
Total book value of net assets acquired		(8,043.4)	
Add back: LSEG purchased goodwill and intangibles	4,769.8		ii
Add back: Deutsche Börse Group purchased goodwill and intangibles	4,255.1		iii
Total purchased goodwill and intangibles		9,024.9	
Excess of purchase consideration over book value of net assets acquired		29,049.2	iv

(i) Estimated purchase consideration is €28.1 billion (£21.4 billion) at an exchange rate of €1.3146 = £1 on 27 May 2016, being the last practicable date.

(ii) For the purposes of the pro forma analysis, acquisition Goodwill and intangible assets of LSEG of €4.8 billion (£3.5 billion) have been added back to the "book value of net assets acquired". These balances will then be re-evaluated alongside the acquisition goodwill and intangible assets of LSEG as part of the Combined Group's consolidated accounts. The €4.8 billion (£3.5 billion) consists of goodwill of €1.9 billion (£1.4 billion), and €2.9 billion (£2.1 billion) of definite life customer relationship, brand and intellectual property intangibles.

(iii) For the purposes of the pro forma analysis, acquisition Goodwill and intangible assets of the Deutsche Börse Group of €4.3 billion (£3.1 billion) have been added back to the "book value of net assets acquired". These balances will then be re-evaluated alongside the acquisition goodwill and intangible assets of the Deutsche Börse Group as part of the Combined Group's consolidated accounts. The €4.3 billion (£3.1 billion) consists of goodwill of €2.9 billion (£2.1 billion), and €1.4 billion (£1.0 billion) of definite life customer relationship, brand and intellectual property intangibles.

(iv) The gross difference of €29.0 billion (£22.1 billion) between "the book value of net assets acquired" and the estimated consideration has, therefore, been presented as a single value in goodwill. Following Completion, the assets and liabilities of LSEG and the Deutsche Börse Group will be subject to fair value restatement.

4. Transaction costs

LSEG and the Deutsche Börse Group expect to incur transaction related costs that do not qualify to be capitalised as part of the estimated purchase consideration. None of these items were recorded as expenses in LSEG's or the Deutsche Börse Group's income statement to 31 December 2015. Therefore an adjustment of €308.4 million has been made to include these expenses incurred because the pro forma income statement has been prepared as if the transaction had been completed on 1 January 2015. These expenses are non-recurring in nature and are not expected to have a continuing impact on the consolidated results.

5. Estimated tax benefits of transaction costs

The estimated tax benefits of the above adjustments are €78.5 million. The estimates reflect the 2015 effective tax rates of LSEG and the Deutsche Börse Group in tax jurisdictions in which the pro forma adjustments were assumed to occur (UK: 24.9 per cent., Germany: 26.2 per cent.).

6. Non-recurring items

LSEG plc

Continuing non-recurring items of £30.7 million (€42.3 million) has been calculated by deducting the continuing amortisation of purchased intangible items of £149.6 million from the amount of continuing amortisation of purchased intangible assets and non-recurring items of £180.3 million, in each case as disclosed in LSEG plc's financial statements for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

Deutsche Börse AG

Non-recurring items of €128.5 million represent the difference between reported EBIT of €992.6 million and EBIT adjusted for non-recurring items of €1,124.0 million less the difference in reported depreciation, amortisation and impairment losses of €143.7 million and depreciation, amortisation and impairment losses adjusted for non-recurring items of €140.8 million, in each case as disclosed in Deutsche Börse AG's preliminary results announcement for the year ended 31 December 2015.

7. Amortisation and depreciation

LSEG plc

Continuing Amortisation and depreciation of £208.5 million (€287.3 million) has been calculated by adding the continuing amortisation of purchased intangible items of £149.6 million to the continuing depreciation and non-acquisition software amortisation of £58.9 million in each case as disclosed in LSEG plc's financial statements for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

Deutsche Börse AG

Amortisation and depreciation of €143.7 million has been extracted from the income statement of Deutsche Börse AG for the year ended 31 December 2015.

8. Other Adjustments

Besides the costs referring to the merger, the pro forma income statement and the pro forma statement of net assets do not reflect any profit-related costs, which can be realised with the acquisition.

No adjustments have been made to reflect the results of the operations of LSEG or the Deutsche Börse Group since 31 December 2015 or other changes of their financial situation within this period of time.

Further pro forma financial information

(i) Segmental analysis of revenue

	LSEG plc[(a)]	Deutsche Börse AG[(b)]	Adjustments[(c)]	Pro-forma	Pro-forma Percentage of total revenue
	€ m	€ m	€ m	€ m	%
Capital Markets	455.2	—	—	455.2	
Xetra	—	211.1	(41.3)	169.8	
Total capital markets	**455.2**	**211.1**	**(41.3)**	**625.0**	**14**
LCH.Clearnet	416.4	—	52.4	468.8	
Eurex	—	1,208.7	41.3	1,250.0	
Total derivatives trading and clearing	**416.4**	**1,208.7**	**93.7**	**1,718.8**	**38**
Post-trade services	123.8	—	(52.4)	71.4	
Clearstream	—	901.1	—	901.1	
Total settlement, custody and collateral management	**123.8**	**901.1**	**(52.4)**	**972.5**	**21**
Information services	713.1	—	—	713.1	
Technology Services	111.1	—	—	111.1	
Market data and services	—	447.9	—	447.9	
Total Information services and technology	**824.2**	**447.9**	**—**	**1,272.1**	**28**
Other, including consolidation adjustments	6.2	(46.0)	—	(39.8)	
Total revenue	**1,825.8**	**2,722.8**	**—**	**4,548.6**	**100**

Notes:

(a) Figures for LSEG were extracted from Note 4 to the audited consolidated financial statements of LSEG plc for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU. An average rate of exchange of €1.3782 = £1 has been used to convert this information into euro.

(b) Figures for the Deutsche Börse Group were extracted from Note 4 to the audited consolidated financial statements of Deutsche Börse AG for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

(c) The adjustments are to reallocate Deutsche Börse AG Xetra clearing fees (disclosed in Note 4 as explained in (b) above) and LSEG plc CC&G to derivatives trading and clearing. Figures for the LSEG plc adjustment were extracted from the section titled 'Financial review' of the Strategic Report included in the annual report of LSEG plc for the year ended 31 December 2015. An average rate of exchange of €1.3782 = £1 has been used to convert this information into euro.

(ii) Further analysis of Information Services and Technology revenue:

	LSEG plc[(a)]	Deutsche Börse AG[(b)]	Pro-forma	Pro-forma Percentage of information services revenue
	€ m	€ m	€ m	%
Index revenue	480.9	114.0	594.9	59
Information revenue	113.3	181.2	294.5	29
Other information services revenue	118.9	—	118.9	12
Total information services revenue	**713.1**	**295.2**	**1,008.3**	**100**
Technology revenue	111.1	152.7	263.8	
Total information services and technology revenue	**824.2**	**447.9**	**1,272.1**	

Notes:

(a) Figures for LSEG were extracted from the section titled 'Financial review' of the Strategic Report included in the annual report of LSEG plc for the year ended 31 December 2015. An average rate of exchange of €1.3782 = £1 has been used to convert this information into euro.

(b) Figures for the Deutsche Börse Group were extracted from Note 4 to audited consolidated financial statements of Deutsche Börse AG for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

(iii) Geographical analysis of revenue

	LSEG plc[(a)]	Deutsche Börse AG[(b)]	Pro-forma	Pro-forma Percentage of total revenue
	€ m	€ m	€ m	%
Total Europe	1,512.9	2,212.8	3,725.7	82
Total Americas	216.0	429.6	645.6	14
Other	96.9	126.4	223.3	5
Consolidation adjustments	—	(46.0)	(46.0)	(1)
Total revenue	**1,825.8**	**2,722.8**	**4,548.6**	**100**

Notes:

(a) Figures for LSEG were extracted from Note 4 to the audited consolidated financial statements of LSEG plc for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU. An average rate of exchange of €1.3782 = £1 has been used to convert this information into euro. The "other" category for LSEG plc may include countries in Europe or Americas falling outside top four countries by revenue.

(b) Figures for the Deutsche Börse Group were extracted from Note 35 to the audited consolidated financial statements of Deutsche Börse AG for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

(iv) Leverage ratio

	LSEG plc[(a)]	Deutsche Börse AG[(b)]	Pro Forma
Net debt (€m)	500.4		
Cash and cash equivalents set aside for regulatory and operational purposes (€m)	1,296.3		
Interest bearing liabilities (€m)		2,246.5	
Commercial paper (€m)		95.0	
Total (A) €m	**1,796.7**	**2,341.5**	**4,138.2**
Adjusted EBITDA (B) €m	**1,059.1**	**1,264.8**	**2,323.9**
Leverage ratio (A/B)	**1.7**	**1.9**	**1.8**

Notes:

(a) Figures for LSEG were extracted from the audited consolidated financial statements of LSEG plc for the year ended 31 December 2015. A spot rate of €1.3605 = £1 has been used to convert the figures.

(b) Figures for the Deutsche Börse Group were extracted from the section titled 'Report on economic position' of the Management Report included in the annual report of Deutsche Börse AG for the year ended 31 December 2015. On 30 July 2015 Deutsche Börse AG placed a hybrid bond maturing in 2041, with a total nominal value of €600 million, on the market. Given the quasi-equity characteristics of the hybrid bond, only 50 per cent. of its total nominal amount is included when calculating interest bearing liabilities.

Section B: Accountant's Report on the Unaudited Pro Forma Financial Information of the Combined Group

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

The Directors and Proposed Directors
HLDCO123 PLC
10 Paternoster Square
London EC4M 7LS

1 June 2016

Ladies and Gentlemen

HLDCO123 PLC (the "Company")

We report on the pro forma financial information (the 'Pro forma financial information') set out in Section A of Part 21 of the prospectus dated 1 June 2016, which has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing its next audited consolidated financial statements. This report is required by paragraph 7 of Annex II of the Prospective Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors and proposed directors of the Company to prepare the Pro forma financial information in accordance with Annex II of the Prospective Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospective Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue·

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospective Directive Regulation, consenting to its inclusion in the prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors and proposed directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies to be adopted by the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies to be adopted by the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the PD Regulation.

Yours faithfully

KPMG LLP

PART 22—RATINGS INFORMATION AND TRADING HISTORY

Section A: Ratings Information

LSEG plc Ratings Information

Prior to the commencement of the Offer Period, LSEG plc had been assigned long term ratings of Baa1 (outlook stable) by Moody's and BBB+ (outlook stable) by S&P Global Ratings.

Since the commencement of the Offer Period to the Latest Practicable Date, Moody's has moved its outlook for the rating to positive and S&P Global Ratings has placed LSEG plc's outlook on 'CreditWatch positive' with a potential for a three notch upgrade for LSEG plc, on the basis that the Combined Group will be given a higher credit rating than LSEG plc has currently been assigned. Both agencies took these actions on 17 March 2016.

Prior to the commencement of the Offer Period, the LCH Group had been assigned a long term rating of A+ (outlook stable) by S&P Global Ratings. As part of the S&P Global Ratings rating action, it has placed the LCH Group on 'Credit Watch negative' with the potential for a one notch downgrade, subject to certain events materialising and, in the view of S&P Global Ratings, those events having a negative impact on the LCH Group's credit standing.

Deutsche Börse AG Ratings Information

Prior to the commencement of the Offer Period, Deutsche Börse AG had been assigned a long term rating of AA by S&P Global Ratings. In addition, Clearstream Banking S.A. had been assigned a long term rating of AA from both Fitch Ratings and S&P Global Ratings.

Since the commencement of the Offer Period to the Latest Practicable Date, there has not been any change to this rating. However, on 17 March 2016 S&P Global Ratings placed Deutsche Börse AG outlook on 'CreditWatch negative', on the basis of its assessment of the announced terms of the Merger, S&P Global Ratings' provisional evaluation that the Combined Group will be given a lower credit rating than Deutsche Börse AG has currently been assigned, which was based on its assessment of information available at the time of the announcement and S&P Global Ratings' expectation that, following Completion, leverage should reduce steadily through 2017–2018, subject to additional acquisitions and/or borrowing, and other execution risks related to implementation of the Merger. A final determination of S&P Global Ratings' rating is not expected to be made until Completion. In the same statement, S&P Global Ratings reaffirmed the Clearstream Banking S.A. rating of AA. Fitch Ratings has not made a statement regarding Clearstream Banking S.A.'s rating since the date of the Announcement.

HoldCo Ratings Information

As HoldCo was incorporated on 9 March 2016 and was formed solely for the purpose of effecting the Merger, no financial information is available or has been published in respect of HoldCo. HoldCo has not traded since its date of incorporation, nor has it entered into any obligations, save for obligations relating to the Merger.

There are no current ratings or outlooks publicly accorded to HoldCo by rating agencies however on 17 March 2016, S&P Global Ratings announced that it considers the group credit profile ("**GCP**") of the Combined Group would most likely be 'aa−', which is a notch lower than Deutsche Börse AG's current GCP and three notches higher than LSEG plc's.

Section B: Trading history of Deutsche Börse Shares on the Frankfurt Stock Exchange

The following tables set out the high and low prices of Deutsche Börse Shares, in euro, on the Frankfurt Stock Exchange for the periods indicated, presented based on closing prices during the periods indicated. (Source: Bloomberg).

	Financial year ended 31 December	
	High	Low
2015	87.27	58.85
2014	63.14	50.17
2013	60.38	44.98
2012	52.02	36.58
2011	61.62	36.13

	For the three months ended	
	High	Low
31 March 2016	79.09	69.88
31 December 2015	84.65	73.84
30 September 2015	87.27	73.83
30 June 2015	80.15	71.65
31 March 2015	77.21	58.85
31 December 2014	59.99	50.17
30 September 2014	57.01	51.73
30 June 2014	57.85	52.08
31 March 2014	63.14	55.45
31 December 2013	60.38	53.49

	For the month ended	
	High	Low
30 April 2016	75.52	71.18
31 March 2016	78.22	72.66
29 February 2016	79.09	69.88
31 January 2016	79.01	73.14
31 December 2015	81.56	73.84
30 November 2015	84.21	79.02

The closing price of Deutsche Börse Shares on 27 May 2016 was €79.19.

Trading history of the LSEG Shares on the London Stock Exchange

The following tables set out the high and low prices of the LSEG Shares, in pounds sterling, on the London Stock Exchange for the periods indicated, presented based on closing prices during the periods indicated. (Source: Bloomberg).

	For the year ended 31 December	
	High	Low
2015	27.80	21.74
2014	22.55	17.41
2013	17.33	11.13
2012	11.06	7.80
2011	10.76	7.57

	For the three months ended	
	High	**Low**
31 March 2016	29.06	21.23
31 December 2015	27.80	23.75
30 September 2015	26.99	23.50
30 June 2015	25.95	23.09
31 March 2015	25.83	21.74
31 December 2014	22.55	17.94
30 September 2014	20.85	18.36
30 June 2014	20.07	17.63
31 March 2014	20.38	17.41
31 December 2013	17.33	15.10

	For the month ended	
	High	**Low**
30 April 2016	28.50	27.13
31 March 2016	29.06	28.20
29 February 2016	28.17	21.23
31 January 2016	26.45	23.55
31 December 2015	27.80	24.86
30 November 2015	26.50	24.91

The closing price of the LSEG Shares on 27 May 2016 was £27.24.

PART 23—TAXATION

Overview

All shareholders and prospective shareholders of the Company regardless of where they are resident for tax purposes are encouraged to read the section headed "*UK Taxation*" below, especially the paragraphs with the headings "*Taxation of dividends*", "*Taxation on a subsequent disposal of the HoldCo Shares*", "*Stamp duty and stamp duty reserve tax*" and "Inheritance tax", as they may be applicable to all shareholders regardless of where they are resident for tax purposes. U.S. Holders (as defined below) will also find Part B (*Certain U.S. Federal Income Tax Considerations*) of relevance to them and Shareholders resident for tax purposes in Germany will also find Part C (*German Taxation*) of relevance to them. The statements below are made on the basis that HoldCo will be resident solely in the UK for tax purposes. See Part 1: "*Risk Factors*".

Shareholders who are in any doubt as to their tax position are strongly recommended to consult their own tax advisers.

Part A: UK Taxation

The following statements are intended only as a summary of certain limited aspects of the UK tax treatment of HoldCo Shares held by HoldCo Shareholders who are resident and, in the case of an individual, domiciled for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents) and to whom split year treatment does not apply, who hold their HoldCo Shares as an investment (other than under a self-invested personal pension or in an individual savings account) and who are the absolute beneficial owners thereof. In particular, HoldCo Shareholders holding HoldCo Shares via a depositary receipt system or clearance service should note that they may not always be the absolute beneficial owners thereof. The tax position of certain categories of HoldCo Shareholders who are subject to special rules (such as persons acquiring their HoldCo Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

The statements summarise the current position and are intended as a general guide only and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of HoldCo Shares. They are based on current UK legislation as applied in England and Wales and what is understood to be the current practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. They assume that the Finance Bill 2016 will be enacted in the form ordered to be printed on 19 May 2016.

Taxation of dividends

Withholding tax

Dividend payments to HoldCo Shareholders in respect of their HoldCo Shares may be made without withholding or deduction for or on account of UK income tax (whether or not such shareholders are resident in the UK).

Direct taxation of dividends paid to UK resident individuals

Significant changes have been made to the income tax treatment of dividends with effect from 6 April 2016. The changes principally: (i) abolished the UK tax credit previously available to UK income tax payers in respect of dividend income; and (ii) introduced new rates of income tax on dividends, being 0 per cent. for the first £5,000 of dividend income in any tax year (the "**dividend nil rate band**") and otherwise 7.5 per cent. for dividend income within the basic rate band, 32.5 per cent. for dividend income within the higher rate band and 38.1 per cent. for dividend income within the additional rate band. "Dividend income" includes UK and non UK source dividends and certain other distributions in respect of shares.

Under the new rules, an individual HoldCo Shareholder who is resident for tax purposes in the UK and who receives a dividend from HoldCo will not be liable to UK tax on the dividend to the extent that the dividend (together with any other dividend income received by the HoldCo Shareholder in the tax year) falls within the dividend nil rate band.

To the extent that the total dividend income received by such a HoldCo Shareholder in a tax year exceeds the maximum amount that may fall within the dividend nil rate band, it will be subject to income tax at 7.5 per cent. (to the extent it is within the basic rate band), 32.5 per cent. (to the extent it is within the higher rate band) or 38.1 per cent. (to the extent it is within the additional rate band). For the purposes of determining the income tax rate applicable to dividend income which falls outside the dividend nil rate band, dividend income will be treated as the top slice of an individual HoldCo Shareholder's income and dividend income within the nil rate band will be taken into account in determining whether the individual HoldCo Shareholder's income exceeds the basic or higher rate limits (as applicable).

Direct taxation of dividends paid to UK resident corporate HoldCo Shareholders

It is likely that most dividends paid on the HoldCo Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

Taxation of a subsequent disposal of the HoldCo Shares

A disposal or deemed disposal of HoldCo Shares by a HoldCo Shareholder who is resident in the UK for tax purposes may, depending upon the HoldCo Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

HoldCo Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of HoldCo Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate HoldCo Shareholder, a permanent establishment) in connection with which the HoldCo Shares are used, held or acquired. Non-UK tax resident HoldCo Shareholders may be subject to non-UK taxation on any gain under local law.

An individual HoldCo Shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty ("**Treaty non-resident**") for a period of five years or less (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes Treaty non-resident for a period of less than five tax years) and who disposes of all or part of his HoldCo Shares during that period may be liable to capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

If an individual HoldCo Shareholder who is subject to income tax at either the higher rate or the additional rate becomes liable to UK capital gains tax on the disposal of HoldCo Shares, the applicable rate will be 20 per cent. for the 2016–2017 tax year. The rate would be 10 per cent. for an individual HoldCo Shareholder subject to basic rate income tax.

Stamp duty and stamp duty reserve tax ("SDRT")

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. The statements apply both to UK residents and non-UK residents. Special rules apply to agreements made by, amongst others, intermediaries.

Issue of HoldCo Shares

The initial issue of HoldCo Shares in registered form will not generally give rise to stamp duty or SDRT. In the case of HoldCo Shares issued to HoldCo Shareholders who hold their shares through a clearance service or depositary receipt system, this is as a result of EU case law which has been accepted by HMRC.

Subsequent transfers of HoldCo Shares in certificated form

Stamp duty at the rate of 0.5 per cent. (rounded up to the nearest £5) of the amount or value of the consideration given is generally payable on an instrument transferring HoldCo Shares. The liability to pay stamp duty is generally satisfied by the purchaser or transferee.

An exemption from stamp duty is available on an instrument transferring HoldCo Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

A charge to SDRT will also arise on an unconditional agreement to transfer HoldCo Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. SDRT is generally payable by the purchaser or transferee.

Subsequent transfers of HoldCo Shares within CREST

Paperless transfers of HoldCo Shares, within CREST, are generally liable to SDRT rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of HoldCo Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

Subsequent transfers of HoldCo Shares into and through clearance systems (including CBF) and depositary receipt arrangements

1.5% Regime

Special rules apply where HoldCo Shares are transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts within section 67 or section 93 of the Finance Act 1986 or a person providing a clearance service within section 70 or section 96 of the Finance Act 1986 under which SDRT or stamp duty may be charged at a rate of 1.5 per cent. of the consideration given for, or of the value of, the HoldCo Shares. This charge is currently being challenged in litigation. Accordingly, specific professional advice should be sought before incurring a 1.5 per cent. stamp duty or SDRT charge.

Except in relation to clearance services that have made an election under section 97A(1) of the Finance Act 1986 (to which the special rules outlined below apply), no stamp duty or SDRT is payable in respect of transfers of HoldCo Shares within clearance services or depositary receipt systems.

Section 97A Election Regime

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a person providing a clearance service where that person has made and maintained in force an election under section 97A(1) of the Finance Act 1986 which has been approved by HMRC (a "**Section 97A Election**") which applies to the relevant transfer. In circumstances where such an election applies, a 0.5 per cent. SDRT charge will arise on any transfer of HoldCo Shares into such a service, and on subsequent agreements to transfer HoldCo Shares within such a service.

CBF

HoldCo understands that HMRC regard CBF as a clearance service for this purpose and that CBF has not itself made a Section 97A Election as at the date of this Prospectus. Provided that no such election is made by CBF, and provided that HoldCo Shares are not held by a HoldCo Shareholder within CBF through another clearance service which has made a Section 97A Election that applies to the relevant HoldCo Shares (as to which see below), the 1.5% regime (described above) would apply with the result that transfers (but not issues, as a result of the EU case law referred to above) of HoldCo Shares to CBF (or its nominee) may be subject to SDRT at 1.5 per cent. but transfers of HoldCo Shares within CBF will not be subject to SDRT.

HoldCo understands that Clearstream Banking, Luxembourg ("**CBL**") has made a Section 97A Election which may apply to HoldCo Shares held in CBL depending on the CBL account structure chosen by shareholders or their brokers. Where HoldCo Shares are held within CBF through CBL, the applicable SDRT treatment would depend on the relevant account structure through which the HoldCo Shares are held.

HoldCo shareholders and prospective HoldCo shareholders who are in any doubt as to the SDRT consequences of transferring HoldCo Shares into CBF or acquiring HoldCo Shares within CBF, or as to the appropriate account structure through which to hold HoldCo Shares, are recommended to consult their broker or seek professional advice, in light of their circumstances.

General

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service or system, which does arise will strictly be a liability of the clearance service or depositary receipt system operator or their nominee, as the case may be, but the charge will, in practice, be borne by the purchasing participant in the clearance service or depositary receipt system.

Inheritance tax

HoldCo Shares which are held in certificated form or through CREST will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules may also apply to close companies and to trustees of settlements who hold HoldCo Shares in this manner, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any HoldCo Shares through trust arrangements.

There might be an argument that HoldCo Shares which are held within CBF (or through another non-UK clearance service) are not assets situated in the UK for the purposes of UK inheritance tax. Shareholders who are neither domiciled nor deemed to be domiciled in the UK for inheritance tax purposes should seek professional advice as to the UK inheritance tax treatment of shares held in this manner.

Shareholders should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another jurisdiction, or if they are in any doubt as to their UK inheritance tax position.

Part B: Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax consequences to a U.S. Holder (as defined below), and solely as regards *"FATCA Withholding"* below, also to a Non-U.S. Holder (as defined below), of the ownership and disposition of HoldCo Shares received in the Merger. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (which is referred to in this document as the "**Code**"), its legislative history, existing and proposed U.S. Treasury regulations promulgated thereunder, published rulings and court decisions, all as of the date of the publication of this document. These laws may change at any time, possibly retroactively, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion.

For purposes of this discussion, the term "**U.S. Holder**" means a beneficial owner of HoldCo Shares that is for U.S. federal income tax purposes (1) an individual citizen or resident of the United States; (2) a corporation (or other entity treated as a corporation) organised under the laws of the United States or any state thereof or the District of Columbia; (3) a trust if (a) it is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) it has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person; or (4) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source. For purposes of this discussion, the term "**Non-U.S. Holder**" means a beneficial owner of HoldCo Shares that, for U.S. federal income tax purposes, is neither a U.S. Holder nor a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of HoldCo Shares, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Partnerships (including other entities or arrangements treated as partnerships for U.S. federal income tax purposes) that are U.S. Holders of HoldCo Shares should consult their respective tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of HoldCo Shares to them and their partners.

This discussion only addresses U.S. Holders of HoldCo Shares that hold their HoldCo Shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to a U.S. Holder in light of such U.S. Holder's particular circumstances or that may be applicable to U.S. Holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, insurance companies, tax-exempt organisations, dealers in securities, traders in securities that elect mark-to-market treatment, regulated investment companies, real estate investment trusts, entities or arrangements treated as partnerships for U.S. federal income tax purposes, U.S. Holders liable for the alternative minimum tax or the net investment income tax, U.S. Holders who hold their HoldCo Shares as part of a hedge, straddle, constructive sale or conversion transaction, U.S. Holders whose functional currency is not the U.S. dollar, U.S. citizens or residents living outside of the United States, and U.S. Holders holding the HoldCo Shares in connection with a trade or business conducted outside of the United States). This discussion does not address any U.S. Holder of HoldCo Shares who, after the Merger, owns, directly, indirectly or by attribution at least 5 per cent. of either the total voting power or the total value of the stock of HoldCo. This discussion does not address any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction, or under any U.S. federal laws other than those pertaining to the U.S. federal income tax (including, for example, the gift tax or estate tax).

In addition, HoldCo does not expect to be a "passive foreign investment company" ("**PFIC**") for U.S. federal income tax purposes following the Merger, and, except where expressly otherwise noted, this discussion assumes that HoldCo will not become at any relevant time a PFIC. As discussed in greater detail under "*PFIC Considerations*" below, if HoldCo is a PFIC following the Merger, materially different and adverse U.S. federal income tax consequences than those described herein could result.

THIS DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL U.S. HOLDERS OF HOLDCO SHARES ACQUIRED PURSUANT TO THE MERGER SHOULD CONSULT THEIR TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF HOLDCO SHARES.

Certain U.S. Federal Income Tax Considerations Relating to the Ownership and Disposition of HoldCo Shares Received in the Merger

The following is a discussion of certain U.S. federal income tax consequences of the ownership and disposition by U.S. Holders of HoldCo Shares received in the Merger. The U.S. federal income tax consequences discussed below are subject to the potential application of the PFIC rules discussed under "*PFIC Considerations*" below.

Distributions

General

Distributions, if any, made with respect to HoldCo Shares will constitute dividends for U.S. federal income tax purposes to the extent of HoldCo's current or accumulated earnings and profits as determined for U.S. federal income tax purposes. The amount of dividends that a U.S. Holder receives generally will be subject to U.S. federal income taxation as foreign source dividend income and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations. Dividends received by individuals and certain other non-corporate U.S. Holders that satisfy specified holding period requirements generally should be eligible for the preferential rate applicable to qualified dividend income as long as HoldCo is eligible for benefits of a comprehensive income tax treaty with the United States and HoldCo was not, at any relevant time prior to the year in which the dividend is paid, and is not in the year in which the dividend is paid, a PFIC. U.S. Holders of HoldCo Shares should consult their own tax advisors regarding the availability to them of the reduced dividend tax rate in light of their particular circumstances.

To the extent that a distribution exceeds HoldCo's current or accumulated earnings and profits as determined for U.S. federal income tax purposes, such distribution will be treated as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in the shares (with a corresponding reduction in such tax basis), and thereafter will be treated as capital gain. Such capital gain will be long-term capital gain if the U.S. Holder's holding period for the HoldCo Shares exceeds one year. Shareholders who hold HoldCo Shares with differing bases or holding periods should consult their tax advisors as to the application of these rules. HoldCo does not expect to maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by HoldCo with respect to shares will be reported as dividend income. U.S. Holders of HoldCo Shares should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from HoldCo.

Foreign Currency Dividends

Assuming dividends are paid to a U.S. Holder in the non-U.S. currency in which they are declared, the dividends will be included in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. Any gain or loss realised on a conversion or other disposition of currency other than the U.S. dollar generally will be treated as U.S. source ordinary income or loss.

U.S. Holders who elect to receive dividends in a non-U.S. currency other than the currency in which the dividends were declared should consult their own tax advisor regarding the amount of the dividend that is included in income and the calculation of foreign currency gain or loss on such dividend.

Sale or Other Disposition of HoldCo Shares

Upon a sale or other disposition of HoldCo Shares, U.S. Holders generally will recognise capital gain or loss in an amount equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's tax basis. Such capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period for the HoldCo Shares exceeds one year. Long-term capital gain recognised by certain non-corporate U.S. Holders, including individuals, generally is eligible for reduced rates of U.S. federal income taxation. There are limitations on the deductibility of capital losses.

The amount realised on the sale or other disposition of HoldCo Shares for an amount in a non-U.S. currency generally will be the U.S. dollar value of this amount on the date of the sale or other disposition. On the settlement date, the U.S. Holder generally will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of the sale or other disposition and the settlement date. However, in the case of HoldCo Shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised on such date.

PFIC Considerations

HoldCo does not expect to be a PFIC for U.S. federal income tax purposes following the Merger. In general, a non-U.S. corporation, such as HoldCo, will be classified as a PFIC for any taxable year in which either (1) 75 per cent. or more of its gross income is passive income (such as, for example, dividends interest, rents, royalties or gains from the disposition of investment assets) or (2) at least 50 per cent. of the quarterly average value of its assets consists of passive assets (i.e., assets that produce or are held for the production of passive income). Certain exceptions may apply to treat otherwise passive assets as active assets (e.g., certain property held by securities dealers in their capacity as a dealer in such property are generally treated as active assets). For purposes of applying the PFIC tests, the non-U.S. corporation is deemed to own its proportionate share of the assets of and to receive directly its proportionate share of the income of any other corporation in which the non-U.S. corporation owns, directly or indirectly, at least 25 per cent. by value of the stock. Accordingly, HoldCo will be deemed to earn the income and own the assets of both LSEG and the Deutsche Börse Group following the Merger.

Each of the Deutsche Börse Group and LSEG hold a variety of assets, a substantial amount of which consist of collateral and financial assets held in connection with their respective businesses. HoldCo believes, however, that a vast majority of these collateral and financial assets should not be treated as beneficially owned by either the Deutsche Börse Group or LSEG, and accordingly should not be counted in determining whether HoldCo is a PFIC, because HoldCo believes that neither the Deutsche Börse Group nor LSEG should be treated as possessing the benefits and burdens of ownership of such assets for U.S. federal income tax purposes. If, however, the IRS were to successfully challenge these beliefs, and were to successfully assert that no exceptions are applicable to treat such collateral and financial assets as active assets, then HoldCo would be treated as a PFIC following the Merger. In addition, because the tests for determining PFIC status are applied annually and after the close of each taxable year, and it is difficult to accurately predict future income and assets relevant to this determination, there can be no assurance that HoldCo will not become a PFIC.

Classification of a non-U.S. corporation as a PFIC can have various materially adverse U.S. federal income tax consequences to U.S. Holders. These consequences include taxation of gain on a sale or other disposition of the stock of the corporation and taxation of distributions (including distributions that would otherwise be treated as qualified dividend income) at maximum ordinary income tax rates for taxable years during which a U.S. Holder held the corporation's shares and the imposition of a punitive interest charge on tax on such gain and certain distributions. U.S. Holders of HoldCo Shares should consult their own tax advisors regarding the PFIC rules, including the availability of certain shareholder elections and the imposition of certain additional reporting requirements.

Reporting Requirements and Backup Withholding

Dividends paid with respect to HoldCo Shares and proceeds from a sale or other disposition of HoldCo Shares received in the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding (currently, at a rate of 28 per cent.) unless such holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under the backup withholding rules is not an additional tax and may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of HoldCo Shares, including reporting obligations related to the holding of certain foreign financial assets.

FATCA Withholding

Pursuant to certain provisions of the Code, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. It is expected that HoldCo will be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the HoldCo Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the HoldCo Shares are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the HoldCo Shares, such withholding would not apply prior to 1 January 2019. U.S. and Non-U.S. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the HoldCo Shares.

Part C: German Taxation

General

Shareholders may be taxed in Germany in particular in connection with the receipt of dividend payments from HoldCo (see "*Taxation of Dividends Paid by HoldCo*"), the sale of HoldCo Shares (see "*Taxation of Capital Gains in Relation to HoldCo Shares*") and the gratuitous transfer of HoldCo Shares (see "*Inheritance and Gift Tax*"). Value added tax (VAT) may also be due in certain circumstances (see "*Other Taxes*"). Under the applicable German tax law, dividends and capital gains may be subject to withholding tax (*Kapitalertragsteuer*).

The considerations in this section do not include tax issues related to church tax.

Notwithstanding the description of certain aspects of taxation in Germany, shareholders may be liable to tax in other jurisdictions. In particular, but not limited to, German-resident shareholders may be subject to a limited tax liability in other jurisdictions, e.g., the UK, and shareholders that are subject to a limited tax liability in Germany may be liable to tax in the jurisdiction in which they are resident.

Any reference in this section to a tax, duty, levy or other charge or withholding of a similar nature refers to German tax law and/or concepts only. This summary is based on the domestic tax laws of the Federal Republic of Germany in effect as on the date of the publication of this document and therefore does not take into account any amendments introduced at a later date and implemented with or without retroactive effect. The relevant rules as well as their interpretation by the German tax courts or tax authorities may change, possibly with retroactive effect.

German Withholding Tax on Dividends Paid by HoldCo or on Capital Gains in relation to HoldCo Shares

Dividend payments on HoldCo Shares and capital gains derived from the sale of HoldCo Shares are generally subject to withholding tax at a rate of 25 per cent. plus a solidarity surcharge thereon at a rate of 5.5 per cent. (i.e., a total of 26.375 per cent.), if the shareholder is subject to tax in Germany and a German-resident paying agent (German credit or financial services institution (*deutsches Kredit- oder Finanzdienstleistungsinstitut*) (including German branches of foreign credit or financial services institutions) German securities trading company (*deutsches Wertpapierhandelsunternehmen*) or a German securities trading bank (*deutsche Wertpapierhandelsbank*)) has custody of or administers the HoldCo Shares or conducts the sale of the HoldCo Shares and disburses or credits the dividends or, as the case may be, the proceeds of the sale. HoldCo does not assume any responsibility for withholding of tax on dividends.

The assessment basis for the withholding tax on dividends is the amount of the dividend approved for distribution by HoldCo's general shareholders' meeting. The amount of tax withheld on capital gains is generally based on the difference between the proceeds from the sale, after deducting expenses that are directly related to the sale, and the acquisition costs of the HoldCo Shares.

Withholding tax is not withheld by a German-resident paying agent with respect to dividend payments and capital gains from HoldCo Shares if the HoldCo Shares are either beneficially owned by a German credit or financial services institution, by a German branch of a foreign credit or financial services institution or by a German investment company, or if the HoldCo Shares are business assets of a corporation subject to unlimited German tax liability. Upon application the same rule also applies (under certain circumstances) to HoldCo Shares held as business assets by individuals or partnerships.

Shareholders who have submitted a valid non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) from the competent tax office to their custodian bank will receive dividends or proceeds from a sale of shares without deduction of withholding tax. The same applies to individual shareholders who have submitted a saver's-allowance instruction (*Freistellungsbescheinigung*) to their custodian bank, to the extent the amount shown on the instruction has not already been utilised by other private investment income of the shareholder.

Taxation of Dividends Paid by HoldCo

HoldCo Shareholders Tax Resident in Germany

HoldCo Shares Held as Private Assets

Dividend payments in respect of HoldCo Shares held as private assets are subject to personal income tax (plus solidarity surcharge of 5.5 per cent. thereon) as income derived from a capital investment. However, provided that the German withholding tax on dividends is withheld by a German-resident paying agent, the respective tax liability of the shareholder will generally be deemed to be satisfied and the dividend will not be required to be reported on the shareholder's annual tax return (final flat tax (*Abgeltungsteuer*)).

If no German tax has been withheld due to reasons other than the submission of a correct non-assessment certificate or saver's-allowance instruction (e.g., if the HoldCo Shares are held in custody by a foreign bank), the dividend income must be reported on the shareholder's annual tax return. In this case, the income tax will be assessed on such dividends at the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon).

Income-related expenses incurred in connection with private investment income are not tax deductible. The only deduction that may be made is an annual saver's allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for jointly assessed shareholders) on all private investment income.

Shareholders may apply for the whole amount of their investment income, including dividends, to be taxed at their individual progressive tax rate instead of the flat-rate withholding tax if this results in a lower tax burden (*Günstigerprüfung*). In such cases, it is also not possible to deduct any income-related expenses other than the saver's allowance. Furthermore, dividend income can only be offset against losses from private investment income except for losses generated by the disposal of shares in stock corporations.

HoldCo Shares Held as Business Assets

If HoldCo Shares form part of a shareholder's business assets, taxation with respect to income from those shares will depend on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship (*Mitunternehmerschaft*)):

- *Corporations:* Free floating dividends paid to corporations that are German tax resident, i.e., dividends earned on direct shareholdings in the company equal to less than 10 per cent. of its share capital at the start of the respective calendar year, are fully taxed at the corporate income tax rate of 15 per cent. (plus solidarity surcharge of 5.5 per cent. thereon), i.e., at a total tax rate of 15.825 per cent. However, dividends paid to German tax resident corporations are generally exempt from corporate income tax provided that the corporate entity holds a direct participation of at least 10 per cent. in the share capital of HoldCo at the beginning of the calendar year in which the dividends are paid. The acquisition of a participation of at least 10 per cent. in the course of the calendar year is deemed to have occurred at the beginning of such calendar year for the purpose of this rule. However, 5 per cent. of the tax-exempt dividends are treated as non-deductible business expenses and thus, subject to corporate income tax (plus solidarity surcharge of 5.5 per cent. thereon). Business expenses actually incurred in connection with the dividend income are generally tax deductible (subject to general restrictions on deduction, if any). For trade tax purposes, if the shares are held as business assets of a commercial permanent establishment (*Betriebsstätte*) located in Germany, dividends are only exempt as described above if the entity that is receiving the dividend held at least 10 per cent. of the registered share capital of HoldCo at the beginning of the relevant tax assessment period. If certain requirements under the tax treaty between Germany and the UK are met (in particular, the HoldCo Shares are attributable to a permanent establishment in the UK), dividends may be exempt from German taxation.

- *Sole Proprietors (Individuals):* 60 per cent. of any dividend received by a sole proprietor who holds HoldCo Shares as part of its business assets will be subject to income tax (partial income method (*Teileinkünfteverfahren*)) at the personal income tax rate (plus solidarity surcharge of 5.5 per cent. thereon). Correspondingly, only 60 per cent. of the business expenses incurred in connection with the dividend income will be tax-deductible (subject to general restrictions on deduction, if any). If the shares are held as business assets of a commercial permanent establishment located in Germany, dividends will be fully subject to trade tax, unless the shareholder held at least 10 per cent. of the HoldCo's registered share capital at the beginning of the tax assessment period. However, all or part of the trade tax will generally be credited as a lump sum against the shareholder's personal income tax liability. The withholding tax is credited against the personal income tax due and any excess amount is refunded.

- *Partnerships (Mitunternehmerschaften):* If HoldCo Shares are held by a partnership engaged or deemed to be engaged in a trade or business, personal income or corporate income tax will be levied only at the level of the partners. In this regard, the dividends contained in the relevant partner's profit share are attributable to such partner only on a pro-rata basis corresponding to the interest share of the relevant partner in the assets of the relevant partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in its profit share are taxed in accordance with the principles applicable to corporate shareholders (see "Corporations" above). If the partner is an individual and the shares in HoldCo are held as business assets of the partnership, dividends contained in its profit share are taxed in accordance with the principles applicable to sole proprietors (see "Sole Proprietors (Individuals)" above). If the shares are held through another partnership, the same rules described above will apply depending on whether the partners are individuals or corporations.

  Trade tax, however, is assessed and levied at the level of the commercial or deemed commercial partnership. In case the partner is an individual, the trade tax paid by the partnership is generally credited on a pro-rata basis as a lump sum against the individual partner's income tax liability. The dividends are exempt from trade tax, provided that the partnership held at least 10 per cent. of the share capital of HoldCo at the beginning of the relevant assessment period.

  Upon request and subject to further conditions, a partner who is an individual may, subject to further requirements, have its personal income tax lowered for earnings retained by the partnership.

- Special Rules apply to shareholding companies active in the financial and insurance sectors as well as to pension funds (see "Shares Held as Part of Assets of Certain Companies in the Financial and Insurance Sector").

HoldCo Shareholders Not Tax Resident in Germany

For dividend payments on HoldCo Shares that are held through a permanent establishment or fixed base in Germany or as part of business assets for which a permanent representative in Germany has been appointed, the provisions discussed above under "HoldCo Shares Held As Business Assets" apply correspondingly.

Dividend payments on HoldCo Shares to shareholders not tax resident in Germany will in general also be subject to the 25 per cent. withholding tax (plus 5.5 per cent. solidarity surcharge thereon) if the payment is made by a German paying agent. The tax will not be withheld if the non-resident shareholder is not subject to tax in Germany on such dividend payments pursuant to Germany's domestic tax laws and the non-resident shareholder provides the German paying agent validly with all information and documentation that might be required to evidence its status as not tax resident in Germany.

Taxation of Capital Gains in Relation to HoldCo Shares

Shareholders Resident in Germany for Tax Purposes and for the Application of the Tax Treaty between Germany and the UK

Shares Held as Private Assets

Capital gains realized by the sale of shares that were acquired prior to 1 January 2009 and are held as private assets are generally exempt from tax. According to the lower fiscal courts of Düsseldorf and Munich, Section 20 para. 4a sent. 1 of the German Income Tax Act shall also be applicable to such shares that were acquired prior to 1 January, 2009 with the result that in addition to the acquisition costs, also the date of the acquisition of the former shares will be transferred to the newly issued shares received in exchange. According to that view, HoldCo Shares received in exchange for Deutsche Börse Shares acquired prior to 1 January, 2009 would still be deemed Pre-2009 Shares and thus would principally be still eligible for tax-free sale. Correspondingly, a capital loss, if any, on the sale of such HoldCo Shares will not be tax deductible. However, the tax authorities lodged an appeal against either decision. Both appeal proceedings are currently still pending before the Federal Fiscal Court (*Bundesfinanzhof*). If the Federal Fiscal Court does not confirm the lower fiscal court's view, there is a risk that the sale of HoldCo Shares received in exchange for Deutsche Börse Shares acquired prior to 1 January, 2009 will be taxable.

Otherwise, capital gains realized on the sale of HoldCo Shares that were acquired after 31 December 2008 by an individual who held the HoldCo Shares as private assets will generally be subject to tax, irrespective of the length of time the HoldCo Shares are held. The tax liability is generally satisfied by the final flat tax (*Abgeltungsteuer*) which, generally, is withheld by a German-resident paying agent (withholding tax of 25 per cent. plus solidarity surcharge of 5.5 per cent. thereon) (see the rules described in section "German Withholding Tax on Dividends Paid by HoldCo or on Capital Gains in relation to HoldCo Shares" which apply accordingly).

Capital gains generated by the sale of shares in HoldCo can be offset against any type of losses from capital investment income while capital losses incurred from the sale of the shares in HoldCo can only be offset against capital gains from the sale of shares in stock corporations.

Notwithstanding the foregoing, if a shareholder, or the shareholder's legal predecessor in the case of a gratuitous acquisition, directly or indirectly held at least 1 per cent. of the share capital of HoldCo at any time during the five years preceding the sale, 60 per cent. of any capital gain resulting from the sale of HoldCo Shares will be taxable (at the applicable income tax rate, plus the solidarity surcharge of 5.5 per cent. thereon). Likewise, only 60 per cent. of any capital loss can be claimed for tax purposes (subject to general restrictions on tax deductions, if applicable). Special rules (i.e., limitation of tax deductibility) apply with regard to capital losses in case of a staggered acquisition of at least 1 per cent. of the share capital of HoldCo during the five years preceding the sale and in case the HoldCo Shares were acquired in exchange for Deutsche Börse Shares which met the at least 1 per cent. threshold on a tax neutral or tax preferential basis.

Shares Held as Business Assets

If HoldCo Shares form part of a shareholder's business assets, taxation of the capital gains realized with respect to a sale of those HoldCo Shares will depend on whether the shareholder is a corporation, sole proprietor or partnership:

- *Corporations:* Generally, capital gains realized on the sale of HoldCo Shares by corporations are exempt from corporate income tax and, if the shares are held as business assets of a commercial permanent establishment located in Germany, trade tax. However, 5 per cent. of such capital gains are considered non-deductible business expenses and, as such, are subject to corporate income tax (plus solidarity surcharge of 5.5 per cent. thereon) and trade tax. Losses from the sale of HoldCo Shares and any other profit reductions related to such shares are not tax deductible as business expenses. Special rules apply to capital gains realized by companies active in the financial and insurance sectors and by so-called financial enterprises (*Finanzunternehmen*), as well as by pension funds. See below "Shares Held as Part of Assets of Certain Companies in the Financial and Insurance Sector".
- *Sole Proprietors (Individuals):* If HoldCo Shares are held by sole proprietors, 60 per cent. of the capital gains from the sale of HoldCo Shares are taxable with the personal income tax rate (plus solidarity surcharge of 5.5 per cent. thereon). However, only 60 per cent. of the business expenses related to such a gain (subject to general restrictions on deductions, if any) and only 60 per cent. of any capital loss are tax deductible. If HoldCo Shares are attributable to a commercial permanent establishment maintained in Germany, 60 per cent. of the capital gains are also subject to trade tax. All or part of the trade tax is credited as a lump sum against the shareholder's personal income tax liability.
- *Partnerships (Mitunternehmerschaften):* If the shareholder is a partnership engaged or deemed to be engaged in a trade or business, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends on whether the partner is a corporation (see "Corporations" above) or an individual (see "Sole Proprietors" above). Upon request and subject to further conditions, a partner who is an individual may, subject to further requirements, have its personal income tax lowered for earnings retained by the partnership.

  Trade tax, however, is assessed and levied at the level of the commercial or deemed commercial partnership. In case the partner is an individual, the trade tax paid by the partnership is generally credited on a pro-rata basis as a lump-sum against the individual partner's personal income tax liability.

Non-German Tax Resident Shareholders

Gains from the disposal of shares in HoldCo held by shareholders that are not German tax residents (individuals and corporations) should generally not be subject to taxation in Germany.

Gains from the disposal of HoldCo Shares held as part of German business assets (that is, via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed) by non-resident shareholders are taxed in Germany principally according to the same provisions that apply to the taxation of shareholders that are German tax residents holding the shares as business assets (see above in section "Shareholders Resident in Germany for Tax Purposes and for the Application of the Tax Treaty between Germany and the UK—Shares Held as Business Assets").

Shares Held as Part of Assets of Certain Companies in the Financial and Insurance Sector

The tax exemption applicable to dividends does not apply to dividends paid to certain companies in the financial and insurance sector.

Dividends from shares that are, pursuant to Section 1a of the German Banking Act (*Gesetz über das Kreditwesen*), part of the trading books of credit and financial services institutions, as well as dividends from shares that are acquired by certain financial enterprises in the meaning of the German Banking Act with the aim of generating a short-term proprietary trading profit, are fully subject to corporate income tax (plus solidarity surcharge thereon). Dividends are fully exempt from trade tax if the corporation held at least 10 per cent. of HoldCo's registered share capital at the beginning of the relevant tax assessment period. Dividends from shares that are classified as investments in the case of life insurers, health insurers and pension funds are fully subject to corporate income tax and trade tax. However, an exemption of the foregoing, and thus a 95 per cent. effective tax exemption, applies to dividends obtained by the aforementioned companies if the Parent-Subsidiary Directive (EC Directive 90/435/EEC of the Council dated 23 July 1990, as amended) applies to them which, *inter alia*, requires that the company making the dividend distribution is tax resident in a member state of the European Union.

Capital gains realized from the sale of HoldCo Shares by the above mentioned companies are, as an exception to the aforementioned rules, fully taxable. In turn, capital losses are generally fully tax deductible.

German CFC rules

German resident investors (individuals or corporate shareholders) collectively holding 50 per cent. or more of the shares or voting rights in HoldCo may become subject to the German CFC rules (*Hinzurechnungsbesteuerung*) pursuant to the German Foreign Tax Act (*Außensteuergesetz*) to the extent that the income of HoldCo or of any non-German direct or indirect subsidiary qualifies as passive income (*Zwischeneinkünfte*) for German CFC rules purposes.

Irrespective of the 50 per cent. threshold each German resident shareholder that holds at least 1 per cent. of the shares or voting rights in HoldCo may become subject to the German CFC rules to the extent that the income of HoldCo or of any non-German direct or indirect subsidiary qualifies as passive capital investment income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) provided that gross earnings, on which the passive capital investment income are based on, make up more than 10 per cent. of the entire gross earnings of all passive income of the foreign entity in a given fiscal year.

As regards the income of HoldCo, the German CFC rules are unlikely to apply as long as HoldCo continues to be resident for tax purposes in an EU Member State. Still, as regards foreign subsidiaries of HoldCo, a CFC income attribution cannot be excluded. Should a German CFC income attribution apply, specific procedures are provided by the German Foreign Tax Act how to determine the amount which is subject to an income attribution. Compliance with these procedures in practice is difficult because HoldCo is not contemplating to provide specific German tax related information beyond the usual capital markets communication.

Inheritance and Gift Tax

The transfer of HoldCo Shares to another person by inheritance or gift is generally subject to German inheritance and gift tax only if the decedent, donor, heir, beneficiary or other transferee maintained his or her residence or a habitual abode in Germany or—in case of corporations and similar incorporated entities such as e.g. foundations (*Personenvereinigungen und Vermögensmassen*)—had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has not spent more than five consecutive years outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain a residence nor have their habitual abode in Germany) or the HoldCo Shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed.

The few German treaties for the avoidance of double taxation regarding inheritance and gift tax currently in force may (1) modify the aforementioned principles in respect of the liability to German inheritance and gift tax and (2) provide that foreign inheritance or gift tax paid can be credited against the German inheritance or gift tax.

Other Taxes

Generally, no German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of HoldCo Shares at shareholder level. Provided that certain requirements are met, business owners may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not charged in Germany and thus does not become due.

PART 24—ADDITIONAL INFORMATION

1 Responsibility

The Company, the HoldCo Directors and the Proposed Directors, whose names are set out in Part 11: "*HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance*" of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the HoldCo Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Incorporation and registered office

2.1 The Company was incorporated and registered in England and Wales on 9 March 2016 as a public company limited by shares under the Companies Act with the name "HLDCO123 PLC" and with registered number 10053870.

2.2 The registered office of the Company is 10 Paternoster Square, London EC4M 7LS, United Kingdom and its telephone number is +44 (0) 20 7797 1000.

2.3 The business of the Company and its principal activity will be to act as the ultimate holding company of the Combined Group following Completion.

2.4 The principal legislation under which the Company operates and the HoldCo Shares have been created is the Companies Act.

2.5 Following Completion, HoldCo intends to appoint one of the big four international audit firms, who are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales as its auditor. Details of the appointed auditor of the Company will be announced via a RIS, and if a supplementary prospectus is published by the Company prior to Completion, disclosed in such supplementary prospectus.

3 Share capital

3.1 On incorporation, the issued share capital of the Company was £50,000 comprising one fully-paid ordinary share of £1.00 issued with a nominal value of £1.00 which is owned by the HoldCo Sole Shareholder. In addition, the HoldCo Sole Shareholder also currently owns 49,999 redeemable preference shares of £1.00 each. As HoldCo is a public limited company, the Companies Act requires that the nominal value of its allotted capital is at least £50,000. Accordingly, the Company may not redeem these preference shares to the extent its share capital would be reduced to less than £50,000. As a consequence, the 49,999 redeemable preference shares were included in the share capital of the Company in its latest audited financial statements. It is expected that these redeemable preference shares of £1.00 each will be redeemed and cancelled by HoldCo on or shortly after Completion.

3.2 The issued and fully paid share capital of the Company as at the Latest Practicable Date is as follows:

Class of shares	Number	Nominal Amount
Ordinary shares of £1.00 each	1	£1.00
Redeemable preference shares of £1.00 each[(1)]	49,999	£49,999.00

Note:

(1) It is expected that the redeemable preference shares of £1.00 each will be redeemed and cancelled by HoldCo on or shortly after Completion.

3.3 At the general meeting of the Company held on 10 May 2016, the HoldCo Sole Shareholder approved resolutions to amend the rights attached to the existing one ordinary share of the Company such that upon Completion and at the same time as the issue of new HoldCo Shares pursuant to the Merger, the one ordinary share currently held by the HoldCo Sole Shareholder will automatically be converted into a deferred share in accordance with the articles of association of HoldCo. That share will subsequently be repurchased by HoldCo and cancelled. It is also intended that the 49,999 redeemable preference shares of £1.00 each currently held by the HoldCo Sole Shareholder will be redeemed and cancelled by HoldCo on or shortly after Completion such that the HoldCo Sole Shareholder ceases to hold any shares in the capital of HoldCo.

3.4 The expected issued and fully paid share capital of the Company on Completion will be as follows:

Class of shares	Number	Nominal Amount
Ordinary shares of €1.00 each(1)	344,919,586	€344,919,586
Deferred shares of £1.00 each(2)	1	£1
Redeemable preference shares of £1.00 each(3)	49,999	£49,999

Notes:

(1) See Part 5: "*Indicative Merger Statistics*".

(2) See paragraph 3.3 above.

(3) It is expected that the redeemable preference shares of £1.00 each will be redeemed and cancelled by HoldCo on or shortly after Completion.

3.5 Save as described in this paragraph 3, there have been no changes to the issued share capital of the Company between its date of incorporation and 27 May 2016 (being the Latest Practicable Date).

3.6 Existing shareholder authorities

At the general meeting of the Company held on 26 May 2016, the HoldCo Sole Shareholder approved a resolution to authorise the HoldCo Directors, in accordance with section 551 of the Companies Act, generally and unconditionally to allot shares in the Company up to an aggregate nominal amount of €400,000,000, with the authority to expire on the date that is five years from the date of the resolution unless renewed, varied or revoked by the Company. Shortly before Completion, the HoldCo Board will pursuant to the authority described above, resolve to allot and issue the exact number of HoldCo Shares as is required to fulfil the obligations to deliver HoldCo Shares under the Exchange Offer and the Scheme.

3.7 Possible capital reduction

The Company is considering the implementation of steps to create additional realised distributable reserves following Admission to provide flexibility for future dividends and other returns to shareholders. The Company is considering creating additional realised distributable reserves by capitalising all or part of the merger reserve which will be created as a result of the acquisition of LSEG plc and Deutsche Börse AG by the Company, and immediately cancelling the shares issued upon such capitalisation (the "Possible Capital Reduction"). Following the Possible Capital Reduction, there would be no change in the nominal value of the HoldCo Shares or the number of HoldCo Shares in issue. The Possible Capital Reduction would be approved prior to (and would be conditional upon) Admission by a special resolution of the Company and would require the approval of the Court (for which the Company would apply post-Admission).

4 Summary of the Articles

On incorporation, HoldCo adopted the Incorporation Articles. Shortly following its incorporation, on 14 March 2016, HoldCo adopted the Interim Articles which contain standard articles for UK public limited companies, save that they also provide for the HoldCo Board to have an equal number of directors nominated by each of Deutsche Börse AG and LSEG plc, for board meetings to be quorate only if a director nominated by each of Deutsche Börse AG and LSEG plc is present, and for decisions at board meetings to be made unanimously by the current HoldCo Directors. It is expected that prior to Completion, a general meeting of HoldCo's Sole Shareholder will be held to resolve to adopt the Articles and which will replace the Interim Articles, with effect from Completion.

The provisions of the Articles to be adopted by HoldCo on Completion are therefore summarised below. The Interim Articles and the Articles are available for inspection at the address specified in paragraph 23 of this Part 24.

4.1 Objects

The Articles do not set out specific details concerning the Company's objects. The Company's are not restricted by its Articles. Accordingly, pursuant to section 31 of the Companies Act, the Company's objects are unrestricted.

4.2 Shares

Respective rights of different classes of shares

Without prejudice to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the HoldCo Directors. The Company may also issue shares which are, or are liable to be, redeemed at the option of the Company or the holder.

Voting rights

Pursuant to the version of the articles of association in effect at the time of Completion, any vote in the general meeting of HoldCo generally shall be by show of hands. i.e. each shareholder present in person has one vote irrespective of the amount of shares represented. According to the articles of association, a poll can be demanded by (i) the chairman of the general meeting, (ii) not less than five shareholders present in person or by proxy and entitled to vote, (iii) shareholders present in person or by proxy and representing not less than 10 per cent. of the total voting rights (excluding the rights attached to any shares held as treasury shares); and (iv) shareholders present in person or by proxy and holding shares conferring a right to vote at the meeting being shares on which not less than 10 per cent. of the ordinary share capital has been paid up (excluding any such shares held as treasury shares). If the vote is by show of hands, each proxy has one vote irrespective of the number of shareholders represented by him. If a proxy is instructed by different shareholders to vote in different ways, such proxy will vote both for and against a proposed resolution. In practice, votes are usually conducted by way of a poll according to the corresponding instructions by the chairman of the meeting. The HoldCo also expects that votes will be conducted by way of a poll.

At a general meeting, subject to any special rights or restrictions attached to any class of shares:

(a) on a show of hands, every member present in person and every duly appointed proxy present shall have one vote;

(b) on a show of hands, a proxy has one vote for and one vote against the resolution, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and the proxy has been instructed:

   (i) by one or more of those members to vote for the resolution and by one or more other of those members to vote against it; or

   (ii) by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his discretion as to how to vote; and

(c) on a poll, every member present in person or by proxy has one vote for every share held by him.

A proxy shall not be entitled to vote on a show of hands or on a poll where the member appointing the proxy would not have been entitled to vote on the resolution had he been present in person.

Unless the HoldCo Directors resolve otherwise, no member shall be entitled to vote either personally or by proxy or to exercise any other right in relation to general meetings if any call or other sum due from him to the Company in respect of that share remains unpaid.

Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding shares held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class (but not otherwise), and may be so varied or abrogated either while the Company is a going concern or during or in contemplation of a winding-up.

The special rights attached to any class of shares will not, unless otherwise expressly provided by the terms of issue, be deemed to be varied by (i) the creation or issue of further shares ranking, as regards participation in the profits or assets of the Company, in some or all respects equally with them but in no respect in priority to them or (ii) the purchase or redemption by the Company of any of its own shares.

Transfer of shares

The Company can issue certificated and uncertificated shares. If certificated shares have been issued transfers may be effected in writing in any usual or common form or in any other form acceptable to the HoldCo Directors. The instrument of transfer shall be signed by or on behalf of the transferor and, if any of the shares are not fully-paid shares, by or on behalf of the transferee.

The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members of the Company (the "**Register of Members**") in respect of those shares.

Transfers of uncertificated shares may be effected by means of a relevant system (i.e. CREST) unless the CREST Regulations provide otherwise.

The HoldCo Directors may decline to register any transfer of a certificated share, unless (i) the instrument of transfer is in respect of only one class of share, (ii) the instrument of transfer is lodged at the transfer office, duly stamped if required and accompanied by the relevant share certificate(s) or other evidence reasonably required by the HoldCo Directors to show the transferor's right to make the transfer or, if the instrument of transfer is executed by some other person on the transferor's behalf, the authority of that person to do so and (iii) the certificated share is fully paid up.

The HoldCo Directors may refuse to register an allotment or transfer of shares if the allotment or transfer is made in favour of more than four persons jointly.

Restrictions where the obligation to provide information following service of a notice is not complied with

If any person appearing to be interested in shares (within the meaning of Part 22 of the Companies Act) has been duly served with a notice under section 793 of the Companies Act (which confers upon public companies the power to require information as to interests in its voting shares) and is in default for a period of 14 days in supplying to the Company the information required by that notice:

(a) the holder of the respective shares shall not be entitled to attend or vote (in person or by proxy) at any shareholders' meeting, unless the HoldCo Directors otherwise determine; and

(b) the HoldCo Directors may in their absolute discretion, where those shares represent 0.25 per cent. or more of the issued shares of a relevant class, by written notice to the holder, direct that:

    (i) any dividend or part of a dividend (including shares issued in lieu of a dividend) or other money which would otherwise be payable on the shares will be retained by the Company without any liability for interest and the shareholder will not be entitled to elect to receive shares in lieu of a dividend; and/or

    (ii) (with various exceptions set out in the Articles) transfers of the shares will not be registered.

Forfeiture and lien

If a shareholder fails to pay in full any sum which is due in respect of a share on or before the due date for payment, then, following notice by the HoldCo Directors requiring payment of the unpaid amount with any accrued interest and any expenses incurred by the Company by reason of such non-payment, such share may be forfeited by a resolution of the HoldCo Directors to that effect (including all dividends declared in respect of the forfeited share and not actually paid before the forfeiture).

A shareholder whose shares have been forfeited will cease to be a member in respect of the shares, but will remain liable to pay the Company all monies which at the date of forfeiture were presently payable, together with interest. The HoldCo Directors may in their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal, or waive payment in whole or part.

The Company shall have a lien on every share (not being a fully paid-up share) that is not fully paid for all monies called or payable at a fixed time in respect of such share. The Company's lien over a share takes priority over the rights of any third party and extends to any dividends or other sums payable by the Company in respect of that share. The HoldCo Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt from such a lien, either wholly or partially.

A share forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of to any person (including the person who was, before such forfeiture or surrender, the holder of that share or entitled to it) on such terms and in such manner as the HoldCo Directors think fit. The Company may deliver an enforcement notice in respect of any share if a sum in respect of which a lien exists is due and has not been paid. The Company may sell any share in respect of which an enforcement notice, delivered in accordance with the Articles, has been given if such notice has not been complied with. The proceeds of sale shall first be applied towards payment of the amount in respect of the lien to the extent that amount was due on the date of the enforcement notice, and then on surrender of the share certificate for cancellation, to the person entitled to the shares immediately prior to the sale.

4.3 General meetings

Annual general meeting

An annual general meeting shall be held in accordance with the Companies Act and other applicable legislation, at such place or places, date and time as may be decided by the HoldCo Directors.

Convening of general meetings

The HoldCo Directors may, whenever they think fit, call a general meeting. The HoldCo Directors are required to call a general meeting once the Company has received requests from its members to do so in accordance with the Companies Act.

Notice of general meetings, etc.

(a) The statutory notice period for convening an annual general meeting of HoldCo is 21 days. This notice period, as a general rule, also applies to general meetings other than annual general meetings, unless (i) the shareholders approved a resolution in the most recent annual general meeting (or all other general meetings held after such annual general meeting) according to which the notice period may be shortened to not less than 14 days, and (ii) HoldCo offers the shareholders to facilitate participation in the voting by electronic means. HoldCo is expected to propose a corresponding authorisation to shorten the notice period for general meetings other than annual general meetings for resolution by the shareholders or request such authorisation in each annual general meeting. Such authorisation, however, is intended to be used only if such flexibility is in the interest of the shareholders as a whole.

(b) Notice of general meetings shall include all information required to be included by the Companies Act and shall be given to all members other than those members who are not entitled to receive such notices from the Company under the provisions of the Articles. The Company may determine that only those persons entered on the Register of Members at the close of business on a day decided by the Company, such day being no more than 21 days before the day that notice of the meeting is sent, shall be entitled to receive such a notice.

(c) For the purposes of determining which persons are entitled to attend or vote at a meeting, and how many votes such persons may cast, the Company must specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register of Members in order to have the right to attend or vote at the meeting. The HoldCo Directors may in their discretion resolve that, in calculating such period, no account shall be taken of any part of any day that is not a working day (within the meaning of section 1173 of the Companies Act).

Quorum and voting

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. At any general meeting, a resolution put to the vote shall be decided on a show of hands unless a poll is demanded by:

(a) the chairman of the meeting;

(b) not less than five members present in person or by proxy and entitled to vote;

(c) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, excluding the rights attaching to any shares held as treasury shares; or

(d) a member or members present in person or by proxy and holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right, excluding any such shares held as treasury shares,

either before the resolution is put to the vote on a show of hands or immediately after the declaration of the result of the show of hands on that resolution.

Conditions of admission

(a) The HoldCo Directors may put in place such arrangements or restrictions as they think fit to ensure the safety and security of the attendees at a general meeting and the orderly conduct of the meeting, including requiring evidence of identity to be produced by those attending the meeting, requiring attendees to submit to searches and restricting items that may be taken into the meeting place. The HoldCo Directors shall have full discretion with respect to the operation of such arrangements or restrictions and any member, proxy or other person who fails to comply with such arrangements or restrictions may be refused entry into, or removed from, the general meeting.

(b) The HoldCo Directors may decide that a general meeting shall be held at two or more locations, including the possibility of a meeting in London and a simultaneous "satellite" meeting in Frankfurt to facilitate the attendance at the meeting as well as its organisation and administration. A member present in person or by proxy at the designated "satellite" meeting place may be counted in the quorum and may exercise all rights that they would have been able to exercise if they had been present at the principal meeting place. The "satellite" meeting place can be of a domestic or foreign location. The HoldCo Directors may make and change from time to time such arrangements as they shall in their absolute discretion consider appropriate to:

   (i) ensure that all members and proxies for members wishing to attend the meeting can do so;

   (ii) ensure that all persons attending the meeting are able to participate in the business of the meeting and to see and hear anyone else addressing the meeting;

   (iii) ensure the safety of persons attending the meeting and the orderly conduct and security of the meeting; and

   (iv) restrict the numbers of members and proxies at any one location to such number as can safely and conveniently be accommodated there.

4.4 Directors

General powers

The HoldCo Directors shall manage the business and affairs of the Company and may exercise all powers of the Company other than those that are required by the Companies Act or by the Articles to be exercised by the Company at the general meeting.

Number of HoldCo Directors

The number of HoldCo Directors shall not be subject to any maximum. From Completion, the HoldCo Board shall comprise 16 HoldCo Directors and is subsequently expected to reduce to 14 HoldCo Directors by means of the resignation or removal, without replacement, of one LSEG Nominated Director and one Deutsche Börse Nominated Director. The HoldCo Board may increase the total number of Directors on the HoldCo Board by a resolution supported by a majority of not less than three-quarters of the votes.

Share qualification

A HoldCo Director shall not be required to hold any shares of the Company by way of qualification. A HoldCo Director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

Remuneration of Non-Executive Directors

The ordinary remuneration of the Non-Executive Directors for their services to the Company (including serving on any committees of the HoldCo Board) shall from time to time be determined by the HoldCo Board, subject to the HoldCo Directors' remuneration policy which is expected to be put to Shareholders for approval at the first annual general meeting following Completion, except that such remuneration shall not exceed an amount per annum in aggregate to be agreed between the parties and set out in the final Articles or such higher amount as may from time to time be determined by ordinary resolution (excluding any fees as Chairman or Deputy Chairman or for other services or amounts payable under any other provision of the Articles).

Such ordinary remuneration shall (unless otherwise provided by ordinary resolution) be divisible among the Non-Executive Directors as the HoldCo Board may agree or, failing agreement, equally, except that any Non-Executive Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to remuneration in proportion to the period during which such Non-Executive Director has held office.

Any Non-Executive Director (including the Chairman and the Deputy Chairman) who performs special services which in the opinion of the HoldCo Directors are outside the scope of the ordinary duties of directors may be paid such extra remuneration by way of salary, fee, commission or otherwise or may receive such other benefits as the HoldCo Directors may determine, subject to the terms of any approved remuneration policy on directors' remuneration.

Remuneration of Executive Directors

Subject to the Companies Act and other applicable legislation and the HoldCo Directors' remuneration policy (which is expected to be put to Shareholders for approval at the first annual general meeting following Completion), the ordinary remuneration of the Executive Directors shall from time to time be determined by the HoldCo Remuneration Committee. Any Executive Director who serves on any committee of the HoldCo Directors, or who otherwise performs services which in the opinion of the HoldCo Directors are outside the scope of the ordinary duties of an Executive Director, may be paid such extra remuneration by way of salary, fee, commission or otherwise or may receive such other benefits as the HoldCo Directors may determine.

Directors' remuneration policy

Under the laws of England and Wales, the Company is required to have a directors' remuneration policy approved periodically by shareholders by way of ordinary resolution. HoldCo will undertake a review of the remuneration arrangements for directors of the HoldCo Board. HoldCo intends to adopt a remuneration policy, which it expects to put to its shareholders for approval at its first annual general meeting following Completion. Generally, a consultation process on the remuneration policy with significant shareholders of both LSEG plc and Deutsche Börse AG will be undertaken.

Appointment of Executive Directors and Chairman

The HoldCo Directors may from time to time appoint one or more of their number to be the holder of any executive office provided that, during the period of six years from Completion, the number of HoldCo Directors holding executive office shall be limited to two unless the HoldCo Directors determine otherwise by a majority of not less than three-quarters of the votes. The HoldCo Directors may confer upon any HoldCo Director holding an executive office any of the powers exercisable by them as HoldCo Directors upon such terms and conditions, and with such restrictions, as they think fit. They may from time to time revoke, withdraw, alter or vary all or any of such delegated powers.

If, during the Initial Period:

(a) the Initial Chairman resigns, retires or is otherwise removed from office as a HoldCo Director, the nomination of any HoldCo Director to the office of Chairman shall be at the option of the LSEG Nominated Non-Executive Directors. If the person so appointed is one of the LSEG Nominated Non-Executive Directors, the remaining LSEG Nominated Non-Executive Directors shall have the option to nominate a replacement Non-Executive Director;

(b) the Initial Deputy Chairman resigns, retires or is otherwise removed from office as a HoldCo Director, the nomination of any HoldCo Director to the office of Deputy Chairman and, if the

HoldCo Director nominated to the office of Deputy Chairman is not also nominated to the office of senior independent director, the nomination of any HoldCo Director to the office of senior independent director, shall be at the option of the Deutsche Börse Nominated Non-Executive Directors. If the person appointed to the office of Deputy Chairman is one of the Deutsche Börse Nominated Non-Executive Directors, the remaining Deutsche Börse Nominated Non-Executive Directors shall have the option to nominate a replacement Non-Executive Director; and

(c) the Initial CFO resigns, retires or is otherwise removed from office as a HoldCo Director, the nomination of any HoldCo Director to the office of CFO shall be at the option of the LSEG Nominated Non-Executive Directors. If the person so appointed is one of the LSEG Nominated Non-Executive Directors, the remaining LSEG Nominated Non-Executive Directors shall have the option to nominate a replacement Non-Executive Director,

and, in each case, the appointment of such HoldCo Director at a meeting of the HoldCo Directors shall be determined by a majority of votes, provided that the appointment of a HoldCo Director to the office of CFO shall be approved and take effect only if the Chief Executive Officer has voted in favour of such appointment.

If, during the five year period beginning on the date of Completion, the Initial Chief Executive Officer resigns, retires or is otherwise removed from office as a HoldCo Director the nomination of any HoldCo Director to the office of Chief Executive Officer shall be at the option of the Deutsche Börse Nominated Non-Executive Directors and the appointment of such person at a meeting of the HoldCo Directors shall be determined by a majority of votes. If the person so appointed is one of the Deutsche Börse Nominated Non-Executive Directors, the remaining Deutsche Börse Nominated Non-Executive Directors shall have the option to nominate a replacement Non-Executive Director, whose appointment at a meeting of the HoldCo Directors shall also be determined by a majority of votes.

After the Initial Period:

(a) during the three year period beginning on the date of expiry of the Initial Period, the nomination of any HoldCo Director to the office of Chairman shall be at the option of the Deutsche Börse Nominated Non-Executive Directors. If the person so appointed is one of the Deutsche Börse Nominated Non-Executive Directors, the remaining Deutsche Börse Nominated Non-Executive Directors shall have the option to nominate a replacement Non-Executive Director; and

(b) during the three year period beginning on the date of expiry of the Initial Period, the nomination of any HoldCo Director to the office of Deputy Chairman or senior independent director shall be at the option of the LSEG Nominated Non-Executive Directors. If the person so appointed is one of the LSEG Nominated Non-Executive Directors, the remaining LSEG Nominated Non-Executive Directors shall have the option to nominate a replacement Non-Executive Director, and, in each case, the appointment of such HoldCo Director at a meeting of the HoldCo Directors shall be determined by a majority of votes.

Appointment of Non-Executive Directors

If, during the three year period beginning on the date of Completion any Initial Non-Executive Director resigns, retires or is otherwise removed from office as a HoldCo Director, the nomination of any Non-Executive Director to replace (i) a Deutsche Börse Nominated Non-Executive Director shall be at the option of the remaining Deutsche Börse Nominated Non-Executive Directors and (ii) an LSEG Nominated Non-Executive Director shall be at the option of the remaining LSEG Nominated Non-Executive Directors. The appointment of any such person at a meeting of the HoldCo Directors shall be determined by a majority of votes.

After the three year period beginning on the date of Completion, the nomination of any Non-Executive Director shall be carried out in accordance with the terms of reference of the Nomination Committee. Further information on the Nomination Committee is set out in Part 11: "*HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance*".

HoldCo Directors' retirement

(a) At every Annual General Meeting, all the HoldCo Directors at the date of the notice convening the Annual General Meeting shall retire from office. A HoldCo Director who retires at any Annual General Meeting shall be eligible for election or re-election unless the HoldCo Directors resolve otherwise no later than the date of the notice of such Annual General Meeting and the HoldCo Directors shall support such election or re-election.

(b) When a HoldCo Director retires at an Annual General Meeting in accordance with the Articles, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring HoldCo Director. In the absence of such a resolution, the retiring HoldCo Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

Termination of HoldCo Director's office

A Director's office shall be terminated if:

(a) a notice of termination is served on the HoldCo Director by three-quarters of the HoldCo Directors (or in the case of the CFO during the Initial Period, a majority of the HoldCo Directors, including one LSEG Nominated Director);

(b) during the Initial Period, in the case of the CFO, if a majority of the HoldCo Directors (including one LSEG Nominated Director) resolve to require the CFO to resign and the CFO fails to do so within 30 days of notification of such resolution being served;

(c) in the case of any HoldCo Director (other than the CFO during the Initial Period), if not less than three-quarters of the Directors resolve to require the relevant HoldCo Director to resign and the relevant HoldCo Director fails to do so within 30 days of notification of such resolution being served; and

(d) in the additional cases identified in the Articles.

Removal of a HoldCo Director by resolution of the Company

The Company may, by ordinary resolution of which special notice is given, remove any HoldCo Director before the expiration of his period of office in accordance with the Companies Act, and elect another person in place of a HoldCo Director so removed from office. Such removal may take place notwithstanding any provision of the Articles or of any agreement between the Company and such HoldCo Director, but is without prejudice to any claim the HoldCo Director may have for damages for breach of any such agreement.

Proceedings of the HoldCo Board

Subject to the provisions of the Articles, the HoldCo Directors may meet for the despatch of business and adjourn and otherwise regulate its proceedings as they think fit and the following shall apply in relation to proceedings of the HoldCo Board.

(a) The quorum necessary for HoldCo Board meetings may be fixed from time to time by the HoldCo Directors and unless so fixed at any other number shall be two and shall, for a period of four years from the date of adoption of the Articles, comprise one LSEG Nominated Director and one Deutsche Börse Nominated Director. A meeting of the HoldCo Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the HoldCo Directors.

(b) Unless otherwise provided by the Articles, questions arising at any meeting of the HoldCo Directors shall be determined by a majority of votes, save for certain reserved matters arising at a meeting of the HoldCo Directors which will require approval from a majority of 75 per cent. of the HoldCo Board, including:

  (i) changes to the articles of association of HoldCo detailing the board composition and nomination rights structure, including those described in the sections "*Number of HoldCo Directors*" "*Appointment of Executive Directors and Chairman*" "*Appointment of Non-Executive Directors*" above, except for any changes concerning the nomination rights in the first five years for the office of the Chief Executive Officer, which require unanimity;

  (ii) material changes to the Combined Group's holding company structure, its corporate and organisational operating structure (including (i) the jurisdiction of incorporation of HoldCo or any company which is to become the holding company of the Combined Group or of any member of the Combined Group or (ii) the tax residence of HoldCo or any company which is to become the holding company of the Combined Group) or its regulatory template including, in each case, from the position as described in the Announcement;

(iii) the appointment and removal of directors of the board of directors of LSEG plc or the Deutsche Börse Supervisory Board, provided that any appointments to those boards of directors shall require a recommendation from the Chief Executive Officer of HoldCo before becoming effective and that in respect of Deutsche Börse AG this shall only apply to the Deutsche Börse Supervisory Board;

(iv) any material acquisitions and disposals (including joint ventures, partnerships and other equivalent structures) to be entered into by HoldCo or any member of the Combined Group that would result in a percentage ratio of 10 per cent. or more under any one of the Class Tests set out in Chapter 10 of the Listing Rules;

(v) any action that would be contrary to the Combined Group's operating strategy, as described in the Announcement namely that (i) LCH Group will continue to be committed to a horizontal, open access clearing model, and (ii) the Combined Group will meet transparent and non-discriminatory access provisions across all relevant businesses in compliance with European regulation from time to time (including MiFID II and MiFIR);

(vi) any proposal to vary or disapply the terms of reference for the audit committee, nomination committee, remuneration committee, risk committee or Referendum Committee of HoldCo; and

(vii) any proposal to the shareholders of HoldCo seeking to vary, disapply or remove any article of association of HoldCo requiring an approval of at least 75 per cent. of the HoldCo Board,

(together, the "**Reserved Matters**") and, for the avoidance of doubt, the requirement for a majority of 75 per cent. of the HoldCo Board applies notwithstanding that any matter is required to be voted on by the shareholders of HoldCo pursuant to applicable legislation, the Listing Rules or other rules to which HoldCo is subject.

(c) Any matters arising at a meeting of the HoldCo Directors relating to changes to the provisions of the Articles relating to the resignation, retirement, removal or cessation of office of the Chief Executive Officer shall be determined by a unanimity of votes.

(d) Until the sixth anniversary of the date of adoption of the Articles, in the event of an equality of votes, the Chairman and the Deputy Chairman shall meet to discuss the relevant issue in good faith with the intention of seeking consensus such that a majority decision can be taken by the HoldCo Directors. After the expiry of a period of six years from the date of adoption of the Articles, in the event of an equality of votes, the Chairman shall have a casting vote.

Directors' interests

(a) For the purposes of section 175 of the Companies Act, the HoldCo Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a HoldCo Director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

(b) Any such authorisation will be effective only if:

(i) the matter in question was proposed in writing for consideration at a meeting of the Directors, in accordance with the HoldCo Board's normal procedures or in such other manner as the HoldCo Directors may resolve;

(ii) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the HoldCo Director in question or any other interested Director; and

(iii) the matter was agreed to without such interested HoldCo Directors voting or would have been agreed to if their votes had not been counted.

(c) The HoldCo Directors may extend any such authorisation to any actual or potential conflict of interest which may arise out of the matter so authorised and may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions they expressly impose, but such authorisation is otherwise given to the fullest extent permitted. The HoldCo Directors may also terminate any such authorisation at any time.

Restrictions on voting

(a) Except as provided below, a HoldCo Director may not vote in respect of any contract, transaction, arrangement or any other proposal in which he, or a person connected to him, is interested. Any vote of a HoldCo Director in respect of a matter where he is not entitled to vote shall be disregarded.

(b) Subject to the provisions of the Companies Act, a HoldCo Director is entitled to vote and be counted in the quorum in respect of any resolution concerning any contract, transaction or arrangement, or any other proposal (*inter alia*):

(i) in which he has an interest, of which he is not aware or which cannot reasonably be regarded as likely to give rise to a conflict of interest;

(ii) in which he has an interest only by virtue of interests in the Company's shares, debentures or other securities or otherwise in or through the Company;

(iii) which involves the giving of any security, guarantee or indemnity to the HoldCo Director or any other person in respect of obligations incurred by him and guaranteed by the Company (or *vice versa*);

(iv) concerning an offer of securities by the Company or any of its subsidiary undertakings in which he is or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

(v) concerning any other body corporate, provided that he and any connected persons do not own or have a beneficial interest in one per cent. or more of any class of share capital of such body corporate, or of the voting rights available to the members of such body corporate;

(vi) relating to an arrangement for the benefit of employees or former employees which does not award him any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;

(vii) concerning the purchase or maintenance of insurance for any liability for the benefit of Directors;

(viii) concerning the giving of indemnities in favour of the Directors; or

(ix) concerning the funding of expenditure by any HoldCo Director or HoldCo Directors (i) on defending criminal, civil or regulatory proceedings or actions against him or them, (ii) in connection with an application to the court for relief, (iii) on defending him or them in any regulatory investigations or (iv) incurred doing anything to enable him to avoid incurring such expenditure.

Confidential information

If a Director, otherwise than by virtue of his position as Director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required to disclose such information to the Company or otherwise use or apply such confidential information for the purpose of or in connection with the performance of his duties as a Director, provided that such an actual or potential conflict of interest arises from a permitted or authorised interest under the Articles. This is without prejudice to any equitable principle or rule of law which may excuse or release the HoldCo Director from disclosing the information, in circumstances where disclosure may otherwise be required under the Articles.

Powers of the Directors

(a) The HoldCo Directors may delegate any of their powers or discretions, including those involving the payment of remuneration or the conferring of any other benefit to the Directors, to such person or committee and in such manner as they think fit. Any such person or committee shall, unless the HoldCo Directors otherwise resolve, have the power to sub-delegate any of the powers or discretions delegated to them. The HoldCo Directors may make regulations in relation to the proceedings of committees or sub-committees.

(b) The HoldCo Directors may appoint any person or fluctuating body of persons to be the attorney of the Company with such purposes and with such powers, authorities and discretions and for such periods and subject to such conditions as they may think fit.

Directors' liabilities

(a) So far as may be permitted by the Companies Act, every HoldCo Director, former HoldCo Director or Secretary of the Company or of an Associated Company (as defined in section 256 of the Companies Act) of the Company shall be indemnified by the Company out of its own funds against any liability incurred by him in connection with any negligence, default, breach of duty or breach of trust by him or any other liability incurred by him in the execution of his duties, the exercise of his powers or otherwise in connection with his duties, powers or offices.

(b) The HoldCo Directors may also purchase and maintain insurance for or for the benefit of:

(i) any person who is or was a HoldCo Director or secretary of a Relevant Company (as defined in the Articles); or

(ii) any person who is or was at any time a trustee of any pension fund or employees' share plans in which employees of any Relevant Company (as defined in the Articles) are interested,

including insurance against any liability (including all related costs, charges, losses and expenses) incurred by or attaching to him in relation to his duties, powers or offices in relation to any Relevant Company (as defined in the Articles), or any such pension fund or employees' share plan.

(c) So far as may be permitted by the Companies Act, the Company may provide a Relevant Officer (as defined in the Articles) with defence costs in relation to any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company of the Company, or in relation to an application for relief under section 205(5) of the Companies Act. The Company may do anything to enable such Relevant Officer to avoid incurring such expenditure.

The Referendum Committee

For such time as the Referendum Committee is established and in operation, the HoldCo Board shall have a standing agenda item to consider all reports and recommendations made to it by the Referendum Committee. The HoldCo Board shall not be bound by the recommendations of the Referendum Committee, however, the HoldCo Directors shall give serious consideration to any such recommendation in accordance with their duties as directors. The Deutsche Börse Nominated Non-Executive Directors and the LSEG Nominated Non-Executive Directors shall have the right to nominate, remove and replace three members of the Referendum Committee, respectively, who shall be Deutsche Börse Nominated Directors or LSEG Nominated Directors, as applicable.

The Referendum Committee will be dissolved in the event of a vote in favour of the United Kingdom remaining in the European Union. More information on the Referendum Committee is set out in Part 11: "*HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance*".

4.5 Dividends

(a) The Company may, by ordinary resolution, declare final dividends to be paid to its shareholders. However, no dividend shall be declared unless it has been recommended by the HoldCo Directors and does not exceed the amount recommended by the HoldCo Directors.

(b) If the HoldCo Directors believe that the profits of the Company justify such payment, they may pay dividends on any class of share where the dividend is payable on fixed dates. They may also pay interim dividends on shares of any class in amounts and on dates and periods as they think fit. Provided the HoldCo Directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the payment of dividends on any other class of shares having rights ranking equally with or behind those shares.

(c) Unless the share rights otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, and apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

(d) Any dividends for certificated shares that remain unclaimed (for example because the dividends letter could not be delivered or because the dividends check was not cashed) may be invested or otherwise applied for the benefit of the Company until they are claimed. Any dividend unclaimed for 12 years from the date on which it was declared or became due for payment shall be forfeited and shall revert to the Company.

(e) The HoldCo Directors may, if authorised by ordinary resolution, offer to ordinary shareholders the right to elect to receive, in lieu of a dividend, an allotment of new ordinary shares credited as fully paid.

4.6 Failure to supply an address

A Shareholder who has no registered address within the United Kingdom and has not supplied to the Company an address within the United Kingdom for the service of notices will not be entitled to receive notices from the Company.

4.7 Disclosure of shareholding ownership

The Disclosure and Transparency Rules require a member to notify the Company if the voting rights held by such member (including by way of certain financial instruments) reach, exceed or fall below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Under the Disclosure and Transparency Rules, certain voting rights in the Company may be disregarded.

4.8 Changes in capital

The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent that the conditions imposed by the Companies Act.

5 Mandatory takeover bids, squeeze-out and sell-out rules

5.1 Takeover bids

The City Code on Takeovers and Mergers (the "**City Code**") is issued and administered by The Panel on Takeovers and Mergers (the "**Takeover Panel**"). On Admission, the Company will be subject to the City Code and therefore its shareholders will be entitled to the protections afforded by the City Code.

5.2 Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, in either case, that person, together with the persons acting in concert with him, is normally required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the Company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

5.3 Squeeze-out

Under the Companies Act, if a "**takeover offer**" (as defined in section 974 of the Companies Act) is made for the HoldCo Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

5.4 Sell-out

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the HoldCo Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the HoldCo Shares to which the offer relates, any holder of HoldCo Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those HoldCo Shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

6 Interests of Directors and Proposed Directors

The HoldCo Directors and Proposed Directors, their functions within the Combined Group (or, in the case of the Proposed Directors, their proposed functions upon Admission) and brief biographies are set out in Part 11: "*HoldCo Directors, Proposed Directors, Senior Management and Corporate Governance*".

6.1 Issued share capital

As at the Latest Practicable Date, none of the HoldCo Directors or Proposed Directors, including persons connected (within the meaning of Section 96B of FSMA) with the HoldCo Directors or Proposed Directors, hold any interest in the issued share capital of the Company.

Set out below are the interests of the HoldCo Directors and Proposed Directors in the issued share capital of the Company, including the interests of persons connected (within the meaning of Section 96B of FSMA) with the HoldCo Directors or Proposed Directors, as are expected to subsist immediately following

Completion. The following table has been prepared on the basis of the information available as at the Latest Practicable Date.

Name	Number of Shares in respect of enlarged issued share capital of the Company immediately following Completion	Percentage of voting rights in respect of enlarged issued share capital of the Company immediately following Completion[(1)]
HoldCo Directors		
Carsten Kengeter	60,000	0.02
David Warren	10,761	0.00
Proposed Directors		
Joachim Faber	7,555	0.00
Donald Brydon CBE	2,210	0.00
Ann-Kristin Achleitner	—	—
Jacques Aigrain	—	—
Richard Berliand	—	—
Christopher Cole	—	—
Karl-Heinz Flöther	2,000	0.00
Paul Heiden	1,687	0.00
Lex Hoogduin	—	—
Andrea Munari	—	—
David Nish	—	—
Mary Schapiro	—	—
Erhard Schipporeit	—	—
Amy Yip	—	—
Total	84,213	0.02

Note:

(1) See Part 5: "*Indicative Merger Statistics*".

6.2 Share options, awards and interests in the share capital of the Company

6.2.1 As at the Latest Practicable Date, no HoldCo Director had any right to acquire Shares for nil or nominal consideration under any employee share plan or otherwise.

6.2.2 As described in paragraph 13.5.1 (in respect of Deutsche Börse AG) and paragraph 13.5.2 (in respect of LSEG plc) of this Part 24, certain interests under the Deutsche Börse Share Plans and certain options and awards under the LSEG Share Plans will be rolled over on Completion into interests in relation to, or options or awards over, HoldCo Shares, including for the benefit of HoldCo Directors.

6.2.3 Save as disclosed in paragraphs 6.1 and 6.2 of this Part 24, none of the HoldCo Directors or Proposed Directors or any person connected (within the meaning of Section 96B of FSMA) with the HoldCo Directors or Proposed Directors has any interest, beneficial or non-beneficial, in the share capital of the Company.

6.2.4 Save as set out in this paragraph 6, no HoldCo Director or Proposed Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Combined Group and which was effected by the Company in the current or immediately preceding financial year or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

6.2.5 As at the Latest Practicable Date, there were no outstanding loans granted by any member of the Combined Group to any HoldCo Director or Proposed Director, nor by any HoldCo Director or Proposed Director to any member of the Combined Group, nor was any guarantee which had been provided by any member of the Combined Group for the benefit of any HoldCo Director or Proposed Director, or by any HoldCo Director or Proposed Director for the benefit of any member of the Combined Group, outstanding.

7 Directorships and Partnerships

7.1 Save as set out below, none of the HoldCo Directors or Proposed Directors hold any directorships of any company, other than companies within the Combined Group, nor have any of the HoldCo Directors or Proposed Directors been a partner in a partnership or a director of a company at any time in the five years prior to the date of this document.

Current and previous directorships and partnerships of the HoldCo Directors

Name of HoldCo Director	Current directorships and partnerships	Previous directorships and partnerships
Carsten Kengeter	• Member of the Deutsche Börse Management Board • Deputy Chairman of the Supervisory Board of China Europe International Exchange AG • Member of the Board of Directors of b-to-v Partner AG • Non-Executive Chairman of the Supervisory Board of Circuitus Capital LLP • Non-Executive Director of FNZ Group Ltd • Member of the FMSB (FICC Markets Standards Board) Advisory Council, London • Member of the Board of trustees of House of Finance, Frankfurt • Member of the Advisory Board Financial Markets Group, Systemic Risk Centre of the London School of Economics and Political Science	• Member of the group executive board, Chairman and CEO of UBS Investment Bank
David Warren	LSEG Chief Financial Officer	None

Current and previous directorships and partnerships of the Proposed Directors

Name of Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
Donald Brydon CBE	• Chance to Shine Foundation Ltd • The Sage Group PLC • Science Museum Foundation • Lifesight Limited • Medical Research Council	• Royal Mail PLC • Royal Mail Group Limited • Postal Services Holding Company Limited • Post Office Limited • Smiths Group PLC • AXA Investment Managers SA • Critical Eye (advisory board) • Foundation for Science & Technology (Member of Council)
Ann-Kristin Achleitner	See *"Current and previous directorships and partnerships of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board" above in Part 7: "Information on the Deutsche Börse Group"*.	
Jacques Aigrain	• Swiss International Air Lines LTD • Lyondellbasell Industries N.V. • WPP plc • J.A. Technologies SA • Acutronic AG • Warburg Pincus LLP, partner	• Resolution Limited • Qatar Financial Centre Authority • Deutsche Lufthansa AG
Richard Berliand	See *"Current and previous directorships and partnerships of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board" above in Part 7: "Information on the Deutsche Börse Group"*.	
Christopher Cole	• Chairman of the Board of Directors of Ardea Partners • Member of the Board of Directors of Enviromental Defense Fund	• Member of the Board of Trustees of Princeton University
Joachim Faber	• Chairman of the Deutsche Börse Supervisory Board • Member of the Board of Directors of Allianz France • Member of the Board of Directors of Coty Inc. • Member of the Board of Directors of HSBC Holdings plc. • Chairman of the shareholders committee of Joh. A. Benckiser SARL	• Member of the Executive Board of Allianz SE • Chief Executive Officer of Allianz Global Investors AG

Name of Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
Karl-Heinz Flöther	See *"Current and previous directorships and partnerships of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board"* above in Part 7: *"Information on the Deutsche Börse Group"*.	
Paul Heiden	• Intelligent Energy Holdings PLC • Meggitt PLC • A-Gas (ORB) Limited	• United Utilities Group PLC • United Utilities Water Limited • Glory Global Solutions (Topco) Limited
Lex Hoogduin	• Global Complexity Network B.V. • Chairman of LCH • Centre for Integral Revalidation (Chairman of supervisory board) • Lex Hoogduin BV	• De Nederlandsche Bank • Centrale Commissie voor de Statistiek • Chairman of the supervisory board of Welten BV • Chairman of the advisory board of Pallas
Carsten Kengeter	See *"Current and previous directorships and partnerships of the HoldCo Directors"* in this paragraph 7.1 above.	
Andrea Munari	• Findomestic Banca S.p.A. • Banca Nazionale del Lavoro S.p.A.	• Credito Fondiario S.p.A • Banca IMI • Tages Holding Asset Management
David Nish	• Zurich Insurance Company Ltd • Vodafone Group PLC • UK Green Investment Bank PLC • HSBC Holdings PLC	• Standard Life PLC • Standard Life Assurance Limited • Standard Life Foundation • Standard Life Investments (Holding) Limited • Standard Life Investments Limited • SCDA (2015) Inc. (previously known as Standard Life Assurance Company of Canada) • HDFC Standard Life Insurance Company Limited

Name of Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
Mary Schapiro	• General Electric Co • Spruceview Capital Partners LLC (advisory board) • Hudson Executive Capital LP (advisory board) • The MITRE Corporation (member of the board of trustees) • Sustainability Accounting Standards Board • Promontory Interfinancial Network LLC (advisory board) • Promontory Finanacial Group LLC(advisory board) • Franklin and Marshall College (trustee) • Washington Animal Rescue League • Axiom Global Inc • Center for Audit Quality (governing board) • Morgan Stanley Institute for Sustainable Investing (advisory board)	• US Securities & Exchange Commission (chairman)
Erhard Schipporeit	See *"Current and previous directorships and partnerships of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board" above in Part 7: "Information on the Deutsche Börse Group".*	
David Warren	LSEG Chief Financial Officer	None
Amy Yip	See *"Current and previous directorships and partnerships of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board" above in Part 7: "Information on the Deutsche Börse Group".*	

As disclosed in paragraph 9 below, as at the date of this document, the proposed senior managers of HoldCo have not been identified.

7.2 There is no family relationship between any of the HoldCo Directors or Proposed Directors.

7.3 Save as set out above, none of the HoldCo Directors or Proposed Directors or the Company Secretary has any business interests, or performs any activities, outside the Combined Group which are significant with respect to the Combined Group.

7.4 As at the date of this document, none of the HoldCo Directors or Proposed Directors has at any time within the past five years:

(a) save as disclosed in paragraph 7.1 above, been a director or partner of any companies or partnerships;

(b) had any convictions in relation to fraudulent offences (whether spent or unspent);

(c) been adjudged bankrupt or has entered into any individual voluntary arrangements;

(d) been a director of any company at the time of or within a 12-month period preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or with any class of creditors of such company;

(e) been a partner of any partnership at the time of or within a 12-month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

(f) had his assets be the subject of any receivership;

(g) been a partner of any partnership at the time of or within a 12-month period preceding any assets thereof being the subject of a receivership;

(h) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(i) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

7.5 Save for their capacities as persons legally and beneficially interested in Shares as set out in paragraphs 6.1 and 6.2 above, there are:

(a) no potential conflicts of interest between any duties to the Company of the HoldCo Directors and Proposed Directors and their private interests and/or other duties; and

(b) no arrangements or understandings with the members, suppliers or others pursuant to which any HoldCo Director or Proposed Director was selected.

8 Directors' Service Agreements, and Letters of Appointment, and Remuneration and Other Matters

8.1 Proposed Directors' Service Contracts (Executive Directors)

As previously announced, Carsten Kengeter will become the Chief Executive Officer of HoldCo and David Warren will become Chief Financial Officer. The intention is that with effect from Completion, Mr Kengeter and Mr Warren will each enter into a new service agreement with HoldCo, the terms of which are anticipated to be compliant with the UK Corporate Governance Code in all material respects.

8.2 Proposed Directors' Letters of Appointment (Non-Executive Directors)

Donald Brydon and Joachim Faber will become Chairman and Deputy Chairman of HoldCo, respectively. Mr Faber will also become the Senior Independent Director. 12 further Non-Executive Directors will be nominated; six of these by LSEG plc and six of these by Deutsche Börse AG.

Each of the Non-Executive Directors will enter into a letter of appointment with the Company in due course, the terms of which are anticipated to be compliant with the UK Corporate Governance Code in all material respects.

8.3 Remuneration Policy

HoldCo will undertake a review of the remuneration arrangements for directors of the HoldCo Board. HoldCo intends to adopt a remuneration policy, which it expects to put to its shareholders for approval at its first annual general meeting following Completion. A consultation process on the remuneration policy with significant shareholders of both LSEG plc and Deutsche Börse AG is expected to be undertaken in due course.

8.4 Pensions and End of Service Gratuity

As at the Latest Practicable Date, no amounts have been set aside or accrued by HoldCo to provide pension, retirement or similar benefits to the HoldCo Directors in all capacities to the Company.

The amounts set aside or accrued to provide pension, retirement or similar benefits to the HoldCo Directors for services in all capacities to LSEG or the Deutsche Börse Group (as appropriate) for the financial year ended 31 December 2015 were as follows:

LSEG

London Stock Exchange plc paid David Warren an annual pension allowance of £114,000 in respect of the financial year ended 31 December 2015.

The Deutsche Börse Group

Deutsche Börse AG paid pension expenses of €436,000 in respect of Carsten Kengeter. As at 31 December 2015, the total value of retirement benefits set aside by Deutsche Börse AG in respect of Carsten Kengeter was €449,000.

9 Proposed Senior Managers

As at the date of this document, the proposed senior managers of HoldCo have not been identified. Details of any proposed senior managers of HoldCo identified by the Deutsche Börse Group and LSEG will be announced by HoldCo via an RIS.

10 Interests of major Shareholders

10.1 Insofar as is known to the Company, the sole shareholder of the Company as at the Latest Practicable Date is the HoldCo Sole Shareholder, holding all of the issued ordinary shares and redeemable preference shares of the Company.

10.2 Insofar as known to the Company, immediately following Completion, the following persons may be interested directly or indirectly in 3 per cent. or more of the voting rights in respect of the issued ordinary share capital of the Company, based on the assumption that the last known holdings of such persons in Deutsche Börse AG or LSEG plc (as applicable) as at the Latest Practicable Date do not change, the Exchange Ratios and the relevant indicative merger statistics as set out in Part 5: *"Indicative Merger Statistics"*:

Name	Known number of voting rights of LSEG plc as at date of Notification	Known number of voting rights of Deutsche Börse AG as at date of Notification	Anticipated number of voting rights corresponding to HoldCo Shares to be received under Merger	Percentage of voting rights in respect of enlarged issued share capital of HoldCo immediately following Completion(1)
BlackRock, Inc.	30,477,457	10,890,057	24,364,141	7.06
Invesco Limited	18,558,960	9,696,489	17,901,405	5.19
Qatar Investment Authority	35,970,000	—	15,902,337	4.61
Total	85,006,417	20,586,546	58,167,883	16.86

Note:

(1) See Part 5: "*Indicative Merger Statistics*".

10.3 None of the major Shareholders referred to above has, or upon Completion, will have, different voting rights from other Shareholders.

11 Directors' remuneration

As at the Latest Practicable Date, none of the HoldCo Directors have received any remuneration (including contingent or deferred compensation) or benefits in kind for services in all capacities to the Company.

The amount of remuneration paid (including any contingent or deferred compensation), and benefits (including benefits in kind) granted to the HoldCo Directors and Proposed Directors for services in all capacities to LSEG or the Deutsche Börse Group (as appropriate) for the financial year ended 31 December 2015 was as follows:

11.1 ***LSEG***

	Basic Salary/Fees (£'000)	Annual Bonus (£'000)	Other Benefits[(1)] (£'000)	Contingent or deferred compensation[(2)] (£'000)	Total
HoldCo Executive Director					
David Warren[(3)]	455	800	293	1,424	2,972
Proposed HoldCo Non-Executive Directors					
Donald Brydon CBE (Chairman)	212[(4)]	0	0	0	212
Jacques Aigrain[(5)]	147	0	3	0	150
Paul Heiden	114	0	18	0	132
Lex Hoogduin[(6)]	243	0	38	0	281
Andrea Munari[(7)]	89	0	0	0	89
David Nish	6	0	2	0	8
Mary Schapiro	30	0	3	0	33

Note:

(1) Taxable benefits for proposed HoldCo Non-Executive Directors relate to travelling expenses, including grossed up taxes where applicable.

(2) Value shown represents estimated value of the performance share award and matching share award granted under the LSEG 2004 Long Term Incentive Plan in 2013 that are expected to vest in June 2016 based on the achievement of the applicable performance conditions. The estimate assumes that the part of the award that is subject to an absolute total shareholder return growth performance condition will vest as to 100 per cent. and that the part of the award that is subject to an average adjusted earnings per share growth performance condition will vest as to 88.9 per cent.. The value is based on a three-month average share price from 1 October 2015 to 31 December 2015, being £25.71.

(3) The Other Benefits figure includes flexible benefits allowance, pension allowance of £114,000, cash value of private medical, disability and life assurance, travelling expenses with associated taxes, housing and expatriate allowance with associated taxes.

(4) Represents pro rata amount of annual fee from effective date of appointment on 19 June 2015.

(5) Jacques Aigrain received an annualised fee of £380,000 as Chairman of LCH until 5 March 2015.

(6) Lex Hoogduin received an annualised fee of €350,000 (or £253,624 using rate of £1 = €1.38 for 2015) as Chairman of LCH from 5 March 2015. From 1 January to 5 March 2015, he received an annualised fee of €250,000 to cover his LCH Group Limited SA and LLC directorships.

(7) Andrea Munari received a combined fee of €26,000 (£18,841) for his roles as Vice Chairman and Director of Borsa Italiana S.p.A using rate of £1 = €1.38 for FY 2015. Historic 9-month period to December 2014 rate of £1 = €1.25.

11.2 ***The Deutsche Börse Group***

	Basic Salary/Fees (€'000)	Annual Bonus[(2)] (€'000)	Other Benefits[(1)] (€'000)	Contingent or deferred compensation[(2)] (€'000)	Total
HoldCo Executive Director					
Carsten Kengeter	819.7	397.4	76.4	1,614.6	2,908.1
Proposed HoldCo Non-Executive Directors					
Joachim Faber	250.0	0	0	0	250.0
Ann-Kristin Achleitner	0	0	0	0	0
Richard Berliand	175.8	0	0	0	175.8
Christopher Cole	0	0	0	0	0
Karl-Heinz Flöther	137.1	0	0	0	137.1
Erhard Schipporeit	166.7	0	0	0	166.7
Amy Yip	86.7	0	0	0	86.7

Note:

(1) The Other Benefits figure includes salary components such as taxable contributions towards private pensions, taxable lump-sum telephone allowances/living expenses, and company car arrangements.

(2) Values shown represent contributions granted in the 2015 year.

12 Significant subsidiaries

12.1 Significant subsidiaries of the Company

As at the Latest Practicable Date, the Company has no subsidiaries.

Following Completion, the Company will become the ultimate holding company of the Combined Group and the significant subsidiaries of the Company will be (i) Deutsche Börse AG and the significant subsidiaries within the Deutsche Börse Group and (ii) LSEG plc and the significant subsidiaries within the London Stock Exchange Group.

12.2 Significant subsidiaries of the Deutsche Börse Group

The following list shows Deutsche Börse AG's significant subsidiaries as at 27 May 2016 (being the Latest Practicable Date) (each of which is considered by Deutsche Börse AG to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or the profits and losses of the Deutsche Börse Group).

Name	Domicile	Field of activities	Equity interest as at 31 December 2015 direct/(indirect) in %
Börse Frankfurt Zertifikate AG	Frankfurt am Main, Germany		100.00
Clearstream Holding AG	Frankfurt am Main, Germany		100.00
Clearstream International S.A.	Luxembourg, Luxembourg	Clearstream Holding and its subsidiaries provide the post trade infrastructure for the international Eurobond market and the German securities industry. In addition, they provide services for the management of securities	(100.00)
Clearstream Banking S.A.	Luxembourg, Luxembourg		(100.00)
Clearstream Banking Japan, Ltd.	Tokyo, Japan		(100.00)
REGIS-TR S.A.	Luxembourg, Luxembourg		(50.00)
Clearstream Banking AG	Frankfurt am Main, Germany		(100.00)
Clearstream Global Securities Services Limited	Cork, Ireland		(100.00)
Clearstream Operations Prague s.r.o.	Prague, Czech Republic		(100.00)
Clearstream Services S.A.	Luxembourg, Luxembourg		(100.00)
Deutsche Börse Services s.r.o	Prague, Czech Republic		100.00
Deutsche Boerse Systems, Inc.	Chicago, USA		100.00
Eurex Frankfurt AG	Frankfurt am Main, Germany	Eurex Frankfurt AG operates the Eurex Deutschland exchange, an electronic derivatives market trading platform. Through Eurex Bonds GmbH and Eurex Repo GmbH, Eurex Frankfurt AG operates Deutsche Börse AG's fixed-income securities and repo business.	100.00
Eurex Clearing AG	Frankfurt am Main, Germany	Eurex Clearing AG is the clearing house within Deutsche Börse AG and acts as CCP for derivatives, equities, repo, energy and fixed-income transactions.	(100.00)

Name	Domicile	Field of activities	Equity interest as at 31 December 2015 direct/(indirect) in %
Eurex Repo GmbH	Frankfurt am Main, Germany		(100.00)
International Securities Exchange Holdings, Inc	New York, USA		(100.00)
Eurex Global Derivatives AG	Zurich, Switzerland		100.00
Eurex Zürich AG	Zurich, Switzerland		(100.00)(1)
European Energy Exchange AG	Leipzig, Germany		(62.82)
Cleartrade Exchange Pte. Limited	Singapore, Singapore		(32.53)
Powernext SA	Paris, France		(55.11)
EPEX Spot SE	Paris, France		(28.93)(2)
APX Holding B.V.	Amsterdam, Netherlands		(28.93)
STOXX Ltd.	Zurich, Switzerland		100.00
Tradegate Exchange GmbH	Berlin, Germany		78.72(3)
360T Treasury Systems AG	Frankfurt am Main, Germany		(100.00)

Notes:

(1) Of this amount, 50 per cent. directly and 50 per cent. indirectly, was held under Eurex Global Derivatives AG.

(2) Of this amount, 6.72 per cent. indirectly and 22.21 per cent. directly, was held under Powernext SA.

(3) Thereof 3.72 per cent. indirectly held via Tradegate AG Wertpapierhandelsbank.

12.3 Significant subsidiaries of the London Stock Exchange Group

The following list shows LSEG plc's significant subsidiaries as at 27 May 2016 (the Latest Practicable Date) (each of which is considered by LSEG plc to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or the profits and losses of LSEG).

Name	Domicile	Equity interest as at direct/(indirect) in %
Banque Centrale de Compensation	France	(57.8)
Bit Market Services SpA	Italy	(99.99)
Borsa Italiana SpA	Italy	(99.99)
Cassa Di Compensazione e Garanzia SpA	Italy	(99.99)
Curve Global Limited	England and Wales	(25.99)
EuroTLX SIM SpA	Italy	(100)
Exactpro Systems Limited	England and Wales	(100)
Frank Russell Company	United States of America	(100)
FTSE International Limited	England and Wales	(100)
FTSE TMX Global Debt Capital Markets Limited	England and Wales	(73.94)
Gatelab Srl	Italy	(67)
globeSettle SA	Luxembourg	(100)
LCH.Clearnet Group Limited	England and Wales	(57.8)
LCH.Clearnet Limited	England and Wales	(57.8)
LCH.Clearnet LLC	United States of America	(57.8)
London Stock Exchange (C) Limited	England and Wales	100
London Stock Exchange Group (Services) Limited	England and Wales	100
London Stock Exchange Group Holdings (Italy) Limited	England and Wales	100
London Stock Exchange Group Holdings (R) Limited	England and Wales	100
London Stock Exchange Group Holdings Limited	England and Wales	100
London Stock Exchange Group Holdings Italia SpA	Italy	(100)
London Stock Exchange plc	England and Wales	100
London Stock Exchange Reg Holdings Limited	England and Wales	100
LSEG Business Services Limited	England and Wales	(100)
LSEG Employement Services Limited	England and Wales	(100)
LSEG US HoldCo Inc	United States of America	100
LSEGH (Luxembourg) Limited	England and Wales	100
Millennium Information Technologies (Private) Limited	Sri Lanka	(100)
MillenniumIT Software Limited	Sri Lanka	(100)
Monte Titoli SpA	Italy	(98.87)
MTS SpA	Italy	(60.37)
Turquoise Global Holdings Limited	England and Wales	(51.36)
UnaVista Limited	England and Wales	(100)

13 Employees

13.1 The Company

As at the Latest Practicable Date, the Company has no employees.

13.2 The Deutsche Börse Group

See Part 7: "*Information on the Deutsche Börse Group—Employees*" for details of the average employee numbers for the Deutsche Börse Group for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 and the three months ended 31 March 2016.

13.3 LSEG

See Part 8: "*Information on LSEG—Employees*" for details of employee numbers for LSEG for the financial years ended 31 December 2015, 31 March 2014 and 31 March 2013 and for the nine months financial ended 31 December 2014.

13.4 Principal terms of employee share plans to be adopted by HoldCo

Under the laws of England and Wales, the Company is required to seek approval by shareholders by way of ordinary resolution of any long-term incentive scheme in which one or more of the directors of the Company are eligible to participate and any employee share scheme which may involve the issue of shares or the transfer of treasury shares.

The Company will seek approval of shareholders for any such long-term incentive scheme or employee share scheme prior to its adoption. It is anticipated any such plans will be put forward for approval by shareholders at the first annual general meeting following Completion. The terms of any such plan have not yet been determined.

13.5 Share options and awards

The Company has not granted any option over its shares or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such options.

As described in paragraph 13.5.1 (in respect of Deutsche Börse AG) and in paragraph 13.5.2 (in respect of LSEG plc), certain interests under the Deutsche Börse Share Plans and certain options and awards under the LSEG Share Plans will be rolled over on Completion into interests in relation to, or options or awards over, HoldCo Shares, including for the benefit of HoldCo Directors.

13.5.1 Impact of the Merger on the Deutsche Börse Share Plans

The Deutsche Börse Share Plans are described in Part 7: *"Information on the Deutsche Börse Group—Employee Share Plans"*.

Subject to approval by the Appropriate Committee, the impact of the Merger on outstanding awards/interests granted under the Deutsche Börse Share Plans will be as follows:

- Upon completion of the Exchange Offer, except as otherwise described below, participants will be given the opportunity to rollover their outstanding awards/interests over Deutsche Börse Shares into comparable awards/interests relating to HoldCo Shares.
- Rollover of awards/interests held under the Performance Share Plan as effective from 1 January 2016, the Performance Bonus Plan as effective from 1 January 2016, the Performance Share Plan as of February 2016 and the Performance Bonus Plan as of February 2016 is subject to participant consent and, where required, approval by the Appropriate Committee. If consent/approval is not given, awards/interests will continue in respect of Deutsche Börse Shares.
- To the extent permitted, where participants in the Group Share Plan of Deutsche Börse AG accept the Exchange Offer, the holding period will continue in respect of the resulting HoldCo Shares. Participants holding Deutsche Börse Shares under the GSP 2016, if operated, will be able to accept the Exchange Offer. If the participant does not, or (for the Group Share Plan established in 2014 and 2015) is not permitted to, accept the Exchange Offer, the holding period will continue to apply, in the normal way, to the Deutsche Börse Shares the participant currently holds.
- All awards/interests under the Deutsche Börse LSI / RSU Schemes will rollover automatically.
- Rollover will be calculated by reference to the Deutsche Börse Exchange Ratio.
- Where awards/interests under the Deutsche Börse Share Plans are rolled-over, the performance conditions and targets and other terms may be modified (with effect from completion of the Exchange Offer) as is considered appropriate to take account of the Merger.
- Interests under the Stock Bonus Plan of Deutsche Börse AG will, in accordance with the rules of the plan, vest and be settled in cash as soon as practicable following completion of the Exchange Offer, based on the share price of Deutsche Börse AG on the trading day following completion of the Exchange Offer.

13.5.2 Impact of the Merger on the LSEG Share Plans

Share options and awards granted to participants in the LSEG Share Plans, which are not already exercisable or which have not already vested will be rolled over into equivalent options or awards over HoldCo Shares, save for certain options and awards which will become exercisable at the time of the Scheme Court Order or which may be rolled over at the election of the participant.

In jurisdictions where the proposals described below would result in an unfavourable tax treatment for participants, the LSEG plc remuneration committee may amend the terms of the relevant LSEG Share Plan as is considered appropriate, save that no amendment to the terms of the relevant LSEG Share Plan shall be made that would confer additional material benefits on participants.

LSEG Long-Term Incentive Plan 2014 and LCH Long Term Incentive Plan 2014 ("LSEG 2014 LTIPs")

Outstanding awards under the LSEG 2014 LTIPs (which have been granted in the form of nil-cost options or conditional awards) comprise various types of award:

- awards that are subject to company performance conditions, which have been granted in various years including grants made on 27 August 2014, 2 April 2015 and 17 March 2016 and which would normally vest on the third anniversary of grant over such number of LSEG Shares depending on the extent to which any applicable performance conditions are satisfied at the time of vesting ("**Performance Share Awards**");
- awards that have been granted in connection with the acquisition by an employee of LSEG Shares using a portion of his or her annual bonus payment. These awards are subject to company performance conditions and have been granted in various years including grants made on 30 September 2014, 10 April 2015 and 18 March 2016. These awards would normally vest on the third anniversary of grant over such number of LSEG Shares depending on the extent to which any applicable performance conditions are satisfied at the time of vesting and provided the associated LSEG Shares acquired by the employee ("**Invested Shares**") have not previously been disposed of ("**Matching Share Awards**"); and
- equivalent performance share awards and matching share awards that have been granted to employees of the LCH Group on the same dates set out above (also referred to in this document as Performance Share Awards and Matching Share Awards).

Performance Share Awards and Matching Share Awards

Outstanding Performance Share Awards and Matching Share Awards that have not already vested or become exercisable at the time of the Scheme Court Order will not vest or become exercisable at the time of this Order and instead will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio) (the "**HoldCo LTIP Awards**").

The HoldCo LTIP Awards will be subject to the terms of the LSEG 2014 LTIPs, including any terms that provide for the reduction or clawback and repayment of awards in prescribed circumstances.

The HoldCo LTIP Awards would ordinarily vest on the same date that the original Performance Share Award or Matching Share Award would have vested in the ordinary course.

The HoldCo LTIP Awards will be subject to such performance conditions as relate to performance of LSEG plc (or in the case of the LCH Long Term Incentive Plan 2014, the performance of the LCH Group) and/or HoldCo as is considered appropriate. It is intended that a review be undertaken prior to Completion as to the appropriate performance conditions to be applied.

Treatment of leavers

The existing leaver provisions that apply to Performance Share Awards and Matching Share Awards will continue to apply. Under these existing leaver provisions, a person will be a "good leaver" if he ceases to be employed by reason of his death; his injury, disability or ill-health; his redundancy; his employing company ceasing to be a member of LSEG; the business (or part of the business) in which he is employed being transferred outside of LSEG; or any other reason which the LSEG plc remuneration committee so decides in its absolute discretion.

If a participant were to leave for one of those "good leaver reasons" his Awards will vest on the normal vesting date subject to the achievement of the applicable performance conditions. Ordinarily, Awards will be pro-rated for time in accordance with the rules reflecting the original three year vesting period. However, the remuneration committee has a discretion to determine in appropriate circumstances (a) that an Award may vest on such other date after the cessation of employment but before the normal vesting date to the extent that the performance conditions are satisfied at such date and (b) may determine that the Awards will not be subject to time pro-rating or that the number of shares in respect of which the

Award shall vest shall be reduced on such other basis as the remuneration committee considers is appropriate in the circumstances.

If a participant were to leave employment for any reason other than a "good leaver" reason, his Awards will lapse.

Where Awards are exchanged automatically, the discretions that are currently available to the LSEG plc remuneration committee will be available to be exercised by the HoldCo remuneration committee.

The grant and vesting of the HoldCo LTIP Awards will, in the case of Matching Share Awards, be subject to the participant not having disposed of his underlying Invested Shares (which shares, following Completion, will be HoldCo Shares rather than LSEG Shares).

Other LSEG plc incentive plans

LSEG Deferred Bonus Plan 2014

The LSEG plc Deferred Bonus Plan 2014 was introduced in 2014. Under the terms of the plan, the LSEG Executive Directors must defer at least 50 per cent. of their annual bonus into cash or LSEG Shares for a period of two years.

Awards over LSEG Shares under the LSEG Deferred Bonus Plan 2014 were granted on 2 April 2015 and 17 March 2016 (the "**Deferred Bonus Plan Awards**"). The Deferred Bonus Plan Awards are not subject to the achievement of performance conditions.

Outstanding Deferred Bonus Plan Awards that have not vested or become exercisable at the time of the Scheme Court Order will not vest or become exercisable at the time of this Order and instead will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio).

The new awards over HoldCo Shares would ordinarily vest on the same date that the original Deferred Bonus Plan Award would have vested in the ordinary course.

The existing leaver provisions that apply to the Deferred Bonus Plan Awards will continue to apply. Under these existing leaver provisions, a person will be a "good leaver" if he ceases to be employed for any of the "good leaver" reasons set out in the section above on the LSEG 2014 LTIPs.

If a participant were to leave for a "good leaver reason" his Deferred Bonus Plan Awards will ordinarily vest in full on the normal vesting date. However, the remuneration committee has a discretion to determine in appropriate circumstances (a) that a Deferred Bonus Plan Award may vest on the date of cessation of employment and (b) that the Deferred Bonus Plan Award will be reduced on such basis as the committee considers is appropriate in the circumstances.

If a participant were to leave employment for any reason other than a "good leaver" reason, his Deferred Bonus Plan Awards will lapse.

Individual awards

In addition to the awards described above, LSEG plc has granted awards over LSEG Shares under the terms of a small number of bespoke arrangements in connection with the recruitment of particular individuals (none of whom is a director of LSEG plc).

These awards will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio). The new award will continue to be subject to the same terms on which the original award was granted, including the existing provisions on leaving employment.

It is intended that a review be undertaken prior to Completion as to the appropriate performance conditions to be applied to the new awards.

LSEG Long Term Incentive Plan 2004

Awards granted in 2013 under the LSEG Long Term Incentive Plan 2004 are expected to vest in the usual way in June 2016, subject to the achievement of the applicable performance conditions.

LSEG plc Restricted Share Award Plan 2008 ("LSEG RSAP")

Awards over LSEG Shares have been granted to a small number of participants under the LSEG RSAP. These awards are not subject to achievement of performance conditions. They vest or become exercisable at the end of a defined restricted period (normally one to three years), subject to the participant having remained employed during that period ("**Restricted Share Awards**"). Restricted Share Awards are typically granted in connection with the recruitment and retention of key individuals within LSEG.

Outstanding Restricted Share Awards that have not vested or become exercisable at the time of the Scheme Court Order will not vest or become exercisable at the time of this Order and instead will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio).

The new awards over HoldCo Shares would ordinarily vest on the same date that the original Restricted Share Award would have vested in the ordinary course (i.e. at the end of the applicable restricted period).

If a participant were to leave for a "good leaver reason", the Restricted Share Awards will vest in full on the date of cessation of employment. A person will be a "good leaver" if he ceases to be employed by reason of: his death; his injury, disability or ill-health; his redundancy; or any other reason which the LSEG plc remuneration committee so decides in its absolute discretion.

LSEG plc SAYE Option Scheme ("Sharesave")

Outstanding options under the Sharesave (which is a HMRC tax favoured plan designed for all UK-based employees) and under the LSEG International Sharesave Plan 2008 ("**LSEG Sharesave Options**"), which are not already exercisable, will become exercisable at the time of the Scheme Court Order and will remain exercisable for a period of six months after that date, after which time they will lapse. Participants may only exercise their LSEG Sharesave Options using savings made under the related savings contract at the time of exercise, and so these options may be exercisable over a reduced number of LSEG Shares. Participants with LSEG Sharesave Options granted in January 2014 or July 2014, and which mature before the time of the Scheme Court Order or during the six month exercise period, and who have completed a related savings contract, may exercise those options over the full number of LSEG Shares over which they are outstanding.

Other than in the case of a participant's death, LSEG Sharesave Options will cease to be exercisable and will lapse on the date falling six months after the Scheme Court Order or any earlier date that such options become exercisable due to a participant leaving employment or the maturity of the related savings contract.

As an alternative to exercising an LSEG Sharesave Option and subject to the Scheme becoming effective, participants in the Sharesave may, at their election, agree to release all or any of their LSEG Sharesave Options in exchange for the grant of a new option over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio).

LSEG Employee Share Option Plan 2009 ("LSEG ESOP")

All outstanding share options granted under the LSEG ESOP are already exercisable and will remain exercisable until the date immediately preceding the date of the LSEG General Meeting. The options will lapse on the date of the Scheme Court Order to the extent they have not been exercised (or otherwise lapsed). Option holders under the LSEG ESOP will be able to choose to exercise their share options under the LSEG ESOP and so acquire LSEG Shares prior to the Scheme Record Time.

14 Material Properties

14.1 The Company

As at the Latest Practicable Date, the Company does not own any tangible fixed assets which are material to its business.

14.2 The Deutsche Börse Group

See Part 7: "*Information on the Deutsche Börse Group—Real Property Owned, Leased or Subleased*" for details of material properties of the Deutsche Börse Group.

14.3 LSEG

See Part 8: "*Information on LSEG—Material Property*" for details of material properties of LSEG.

15 Material contracts

15.1 Material contracts of the Company

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the two years immediately preceding the date of this document, and are, or may be, material or have been entered into at any time by the Company and contain provisions under which the Company has an obligation or entitlement which is, or may be, material to the Company as at the date of this document:

15.1.1 Co-operation Agreement

On 16 March 2016, LSEG plc, Deutsche Börse AG and the Company entered into a co-operation agreement in connection with the Merger (the "**Co-operation Agreement**"), which sets out certain mutual commitments between the parties to implement the Merger. See Part 9: "*Terms and Conditions of the Merger—Material Agreements Relating to the Merger*" for a summary of the key terms of the Co-operation Agreement.

15.1.2 HoldCo Sponsors' Agreement

On or around the date of this document, LSEG plc, Deutsche Börse AG, HoldCo, Barclays and Deutsche Bank entered into a joint sponsors' agreement pursuant to which Barclays and Deutsche Bank have agreed, subject to certain conditions, to act as joint sponsors of HoldCo in connection with the LSE Admission (the "**HoldCo Sponsors' Agreement**"). LSEG plc, Deutsche Börse AG and HoldCo are each providing Barclays and Deutsche Bank with (i) certain undertakings which will require them to either consult with or obtain the prior consent of Barclays or Deutsche Bank before taking certain actions and (ii) certain warranties in relation to LSEG, the Deutsche Börse Group, HoldCo and the Combined Group. The undertakings and warranties provided by LSEG plc, Deutsche Börse AG and HoldCo pursuant to the HoldCo Sponsors' Agreement are customary for an agreement of this nature. In addition, LSEG plc, Deutsche Börse AG and HoldCo are providing Barclays and Deutsche Bank with certain indemnities which, again, are customary for an agreement of this nature. The liability of LSEG plc, Deutsche Börse AG and HoldCo under the HoldCo Sponsors' Agreement is unlimited by both time and amount. Pursuant to the terms of the HoldCo Sponsors' Agreement, the Joint Sponsors may (acting jointly or separately) terminate the HoldCo Sponsors' Agreement on the occurrence of certain customary events including a material breach of the HoldCo Sponsors' Agreement or a material misstatement in or omission from the Prospectus.

HoldCo has agreed to bear all fees, costs, charges and expenses of, or which are incidental to Admission, including without limitation, the fees and expenses of professional advisers, the costs of preparation, printing and distribution of this document and all other documents in connection with Admission and any charges by CREST and the fees of the FCA and the London Stock Exchange.

15.2 Material contracts of the Deutsche Börse Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by Deutsche Börse AG or another member of the Deutsche Börse Group within the two years immediately preceding the date of this document, and are, or may be, material or have been entered into at any time by Deutsche Börse AG or any member of the Deutsche Börse Group and contain provisions under which Deutsche Börse AG or any member of the Deutsche Börse Group has an obligation or entitlement which is, or may be, material to Deutsche Börse AG or any member of the Deutsche Börse Group as at the date of this document:

15.2.1 Agreements in connection with the Merger

See Part 9: "*Terms and Conditions of the Merger—Material Agreements Relating to the Merger*" for more details on the key terms of agreements entered into by Deutsche Börse AG in connection with the Merger: the Co-operation Agreement, Confidentiality Agreement, Confidentiality and Joint Defence Agreement and Clean Team Non-Disclosure Agreement and paragraph 15.1.2 (*HoldCo Sponsors' Agreement*) above for more details of the key terms of the HoldCo Sponsors' Agreement.

15.2.2 Agreement relating to the proposed sale of U.S. Exchange Holdings, Inc. to NASDAQ, Inc.

On 9 March 2016, Deutsche Börse AG and Eurex Frankfurt AG (as sellers) and NASDAQ, Inc. (as purchaser) signed a definitive agreement regarding the full acquisition of the shares in U.S. Exchange Holdings, Inc. and some of its subsidiaries and minority interests in the U.S. and Luxembourg (U.S. Exchange Holdings, Inc. together with the included direct and indirect subsidiaries, the "**ISE Group**") by NASDAQ, Inc. for a purchase price of U.S.$1.1 billion to be paid in cash. The ISE Group operates the three electronic stock options exchanges International Securities Exchange, LLC, ISE Gemini, LLC and ISE Mercury, LLC in the U.S. which together account for more than 15 per cent. of U.S. volumes.

The closing of the sale and transfer of the shares in U.S. Exchange Holdings, Inc. is subject to customary closing conditions, in particular the approval of the merger control authorities and the SEC, and is expected to occur in mid 2016. Prior to the closing, the sellers shall use their reasonable best efforts to transfer certain subsidiaries and minority interests (including, in particular, participations in BATS Global Markets, Inc., Digital Assets Holdings, LLC, and ICE US Holding Company L.P.) to Deutsche Börse AG or one of its affiliates.

The share purchase agreement contains customary representations, indemnifications and corresponding limitations on liability, covenants and termination rights, including a termination fee amounting to U.S.$70 million to be paid by NASDAQ, Inc. to the sellers under certain conditions.

15.2.3 Agreement relating to the acquisition of outstanding shares in STOXX AG and Indexium AG

On 27 July 2015, Deutsche Börse AG acquired all outstanding shares from SIX Group AG in the joint venture companies STOXX AG and Indexium AG for a purchase price of CHF 650 million, turning the two companies into fully-owned subsidiaries of Deutsche Börse AG. Transfer of the shares and payment of the purchase price occurred on 31 July 2015.

As part of the transaction, Deutsche Börse AG and SIX Group AG entered into a transitional services agreement. Under this agreement SIX Group AG will continue to provide reciprocal services to STOXX AG and Indexium AG, and vice versa, following the closing of the transaction. Depending on the type of service provided, the term of the transitional services agreement runs through either 31 March 2016 or through 31 December 2017. In general, the agreed terms of the agreements for individual services do not extend beyond 31 December 2017 but STOXX AG has an option to extend one service from SIX Swiss Exchange AG until 31 December 2018.

15.2.4 Agreement relating to the acquisition of 360T

On 26 July 2015, Deutsche Börse AG and the shareholders of 360T signed an agreement regarding the full acquisition of the shares in 360T by Deutsche Börse AG for a purchase price of €704 million. 360T is a leading global FX trading platform catering to a broad customer base including corporates, buy-side firms, and banks. 360T has direct and indirect subsidiaries in Germany, the US, Singapore, Dubai and India. Transfer of the shares and payment of the purchase price occurred on 15 October 2015.

15.2.5 Letter of Comfort in favour of Eurex Clearing AG

Deutsche Börse AG has issued a letter of comfort agreeing to provide Eurex Clearing AG with up to €700 million to cover any remaining losses from on-exchange transactions, once all other lines of defence of Eurex Clearing AG have been exhausted and prior to the utilisation of Eurex Clearing AG's remaining equity.

Deutsche Börse AG intends to replace the existing letter of comfort in 2016 with a new letter of comfort with a maximum coverage of €600 million. Under the letter of comfort, Deutsche Börse AG will make available to Eurex Clearing AG the necessary mediums to fulfil its duties and obligations. As a measure of adjustment of its capital structure, Eurex Clearing AG plans to increase its own clearing fund contribution by €50 million in 2016 and by further €50 million in 2017.

15.2.6 Material Financing Agreements

See Part 14: "*Operating and Financial Review of the Deutsche Börse Group—Quantitative and Qualitative Disclosure of Financial Risk—Bonds issued by Deutsche Börse AG*" and *"Operating and Financial Review of the Deutsche Börse Group—Quantitative and Qualitative Disclosure of Financial Risk—Commercial Paper* *issued by Deutsche Börse AG*" for more details on the key terms of Deutsche Börse AG's material outstanding debt instruments:

- 15/41 Hybrid Bond;
- 13/18 Fixed-rate Bond;
- 15/25 Fixed-rate Bond;
- 12/22 Fixed-rate Bond;
- U.S. Private Placement; and
- Commercial Paper issued by Deutsche Börse AG.

15.3 Material contracts of LSEG

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by LSEG plc or another member of LSEG within the two years immediately preceding the date of this document, and are, or may be, material or have been entered into at any time by LSEG plc or any member of LSEG and contain provisions under which LSEG plc or any member of LSEG has an obligation or entitlement which is, or may be, material to LSEG plc or any member of LSEG as at the date of this document.

15.3.1 Agreements in connection with the Merger

(a) **LSEG Sponsor Agreement**

On or around the date of this document, LSEG plc and Barclays entered into a sponsor's agreement pursuant to which Barclays has agreed, subject to certain conditions, to act as LSEG plc's sponsor in relation to the Deutsche Börse Acquisition (the "**LSEG Sponsor Agreement**"). LSEG plc is providing Barclays with (i) certain undertakings which will require it to either consult with or obtain the prior consent of Barclays before taking certain actions and (ii) certain warranties in relation to LSEG. In addition, LSEG plc is providing Barclays with certain indemnities which, again, are customary for an agreement of this nature. The liability of LSEG plc under the LSEG Sponsor Agreement is unlimited by both time and amount. Pursuant to the terms of the LSEG Sponsor Agreement, Barclays may terminate the LSEG Sponsor Agreement on the occurrence of certain customary events including a material breach of the LSEG Sponsor Agreement or a material misstatement in or omission from the Scheme Document.

LSEG plc has agreed to bear all fees, costs, charges and expenses of, or which are incidental to the Deutsche Börse Acquisition, including without limitation, the fees and expenses of professional advisers, the costs of preparation, printing and distribution of the Scheme Document and all other documents in connection with the Deutsche Börse Acquisition and any charges by CREST and the fees of the FCA and the London Stock Exchange.

(b) **Other agreements**

See Part 9: "*Terms and Conditions of the Merger—Material Agreements Relating to the Merger*" for more details on the key terms of other agreements entered into in connection with the Merger: the Co-operation Agreement, Confidentiality Agreement, Confidentiality and Joint Defence Agreement, Clean Team Non-Disclosure Agreement and paragraph 15.1.2 (*HoldCo Sponsors' Agreement*) above for more details on the key terms of the HoldCo Sponsors' Agreement.

15.3.2 Merger Agreement relating to the acquisition of Russell

On 26 June 2014, LSEG plc, Russell, Northwestern Mutual and an indirect subsidiary of LSEG plc ("**Merger Sub**") entered into a merger agreement providing for the acquisition of the entire issued share capital of Russell by LSEG plc to be effected pursuant to a merger of Merger Sub with and into Russell, with Russell being the surviving corporation of the merger and a wholly-owned indirect subsidiary of LSEG plc. LSEG plc announced the completion of the acquisition on 3 December 2014.

The merger agreement was governed by New York law, except to the extent that the Washington Business Corporation Act was mandatorily applicable to the acquisition and the rights of Russell's pre-completion equity holders. The base consideration in respect of the acquisition under the merger agreement was U.S.$2.7 billion.

15.3.3 Sale and Purchase Agreement relating to the sale of Russell Investments

On 8 October 2015, Russell, Emerald Acquisition Limited ("**Emerald**"), an acquisition vehicle of funds controlled by TA Associates and Reverence Capital Partners, and LSEG plc entered into a stock and asset purchase agreement (the "**SAPA**") providing for the sale of Russell's asset management business ("**Russell Investments**") to TA Associates and Reverence Capital Partners for gross proceeds of U.S.$1,150 million in cash, subject to customary closing adjustments and the satisfaction or waiver of a number of customary conditions (including regulatory and other required approvals). LSEG plc is a party to the SAPA, in its capacity as the parent company of Russell, in respect of certain specified provisions only. Certain funds controlled by TA Associates and Reverence Capital Partners separately provided limited guarantees of certain of Emerald's obligations under the SAPA. The SAPA is governed by the laws of New York State.

The base purchase price in respect of the sale of Russell Investments is U.S.$1,150 million which is subject to certain customary adjustments at and following closing. The transaction is expected to close with proceeds payable to LSEG plc shortly. U.S.$1,000 million will be paid in cash on completion, with the balance of U.S.$150 million paid annually in four equal cash instalments, starting from 31 December 2017. The consideration payable by TA Associates and Reverence Capital to LSEG plc is subject to customary closing adjustments, including a downward price adjustment if the fee revenues of the business decline in the period to closing below an agreed buffer amount. The percentage of revenue decline covered by the adjustment mechanism is capped. The SAPA may be terminated prior to closing by Emerald and Russell in certain circumstances.

Russell agreed that prior to closing, unless otherwise agreed to in writing by Emerald and subject to certain other exceptions, the business of Russell Investments will be conducted in all material respects in the ordinary course. In addition, Russell agreed to certain customary restrictions regarding the conduct of the business of Russell Investments in the period to closing. Following the proposed sale, subsidiaries of LSEG plc will enter into certain licence agreements with Russell Investments.

15.3.4 Underwriting agreement relating to LSEG plc's 2014 rights issue in connection with the acquisition of Russell

On 22 August 2014, LSEG plc entered into an underwriting agreement (the "**2014 Underwriting Agreement**") with Barclays, Greenhill & Co. International LLP, RBC Europe Limited, Deutsche Bank, J.P. Morgan Securities plc, Banca IMI S.p.A., Banco Santander S.A., HSBC Bank plc and Mitsubishi UFJ Securities International plc (together, the "**2014 Rights Issue Banks**") in connection with its 3 for 11 rights issue of 74,347,813 new LSEG Shares at 1,295 pence per new LSEG Share (each a "**2014 Rights Issue Share**") as announced on 22 August 2014 (the "**2014 Rights Issue**").

Under the terms of the 2014 Underwriting Agreement, the underwriting banks agreed severally to procure acquirers for, or failing which themselves acquire, 2014 Rights Issue Shares not taken up under the 2014 Rights Issue, in each case at the issue price of 1,295 pence per new LSEG Share. In consideration of their services under the 2014 Underwriting Agreement, the underwriting banks were paid a base commission fee of 2.125 per cent. of the aggregate value of 1,295 pence multiplied by the aggregate number of new LSEG Shares issued under the 2014 Rights Issue (less the number of new LSEG Shares with respect to which the underwriting banks have procured committed sub-underwriting); plus a commission of 1.50 per cent. of the aggregate value at the 1,295 pence multiplied by the aggregate number of new LSEG Shares issued under the 2014 Rights Issue with respect to which the underwriting banks have procured committed sub-underwriting, in each case, whether or not they are called upon to acquire or procure acquirers for any of the new LSEG Shares under the 2014 Underwriting Agreement.

LSEG plc also agreed to pay all costs and expenses of, or in connection with, the 2014 Rights Issue including (but not limited to) the fees of the Financial Conduct Authority and the London Stock Exchange, the fees and expenses of professional advisers, the cost of preparation, advertising, printing, distribution and filing of all the documents connected with the 2014 Rights Issue, postage fees, the registrar's charges, any charges by CREST and its own and the 2014 Rights Issue Banks' reasonably and properly incurred legal and other out of pocket expenses (subject in each case to a pre-agreed cap).

15.3.5 Relationship Agreement with LCH

On 1 May 2013, LSEG plc and LCH entered into a relationship agreement regarding the governance arrangements of the LCH Group following completion of the acquisition by LSEG plc of a majority stake in LCH.

The relationship agreement sets out the composition of the board of various companies within the LCH Group and the rights of LSEG plc, clearing members and markets that use the LCH Group's clearing services to appoint directors to such boards. LSEG plc is entitled to appoint and remove up to four directors to the LCH board, including the chief executive officer. The agreement provides that the composition of the LCH Group boards will also be subject to changes required from time to time as a result of regulatory requirements. Similarly, the relationship agreement sets out the composition of various board committees of LCH and its subsidiaries, including audit, nomination, remuneration and risk committees.

Pursuant to the relationship agreement, the parties agree that the LCH Group's business will be run independently of LSEG plc and LSEG plc has agreed certain restrictions on its rights as a majority shareholder in LCH, including that it will not remove certain directors from the LCH board in circumstances where it would not be reasonable to do so and consulting with the LCH board before removing the chief executive officer. Any dealings or contracts between the LCH companies and LSEG plc will be on bona fide arm's length commercial terms and will be subject to the prior approval of a committee of the LCH board consisting solely of independent directors.

The relationship agreement includes certain provisions on the operation of the LSEG plc and LCH Group businesses:

(a) the LCH Group and LSEG plc will continue to operate their respective CCP services businesses as they exist, and in accordance with their business plans, at that time. Subject to this and to certain exceptions, LSEG plc intends to conduct all of its CCP services through the LCH Group;

(b) in the event of an acquisition by LSEG plc of a clearing business as part of a merger or acquisition, LSEG plc is obliged, subject to certain exceptions, to offer it for sale to LCH. This provision does not apply in relation to the Merger. These arrangements will terminate on the earlier of five years after completion or LSEG plc ceasing to hold 40 per cent. of the issued share capital of LCH;

(c) LSEG plc has agreed not to introduce any SwapClear, ForexClear and CDSClear business products onto its exchange or other execution platforms without the approval of the governance committee relating to the relevant product, subject to certain exceptions;

(d) LCH undertakes to provide LSEG plc with sufficient financial and other information reasonably required by LSEG plc to meet any applicable reporting requirements or standards and for LSEG plc's budgeting and forecasting processes in a timely fashion;

(e) the LCH board must apply certain "core operating principles" in managing the business of LCH relating to compliance with legal and regulatory obligations, the preservation of the SwapClear, ForexClear and CDSClear businesses structure, an agreed dividend policy, preservation of the RepoClear operating model and arrangements in all material respects and arm's length contractual arrangements between any LCH Group company and any LSEG plc company;

(f) the day-to-day management of the LCH Group and implementation of the business plan and the budget will be delegated by the LCH board to the chief executive officer on the terms of the executive delegation, under which the chief executive officer has certain authorities in relation to expenditure not exceeding £10 million and within 10 per cent. of budget, general corporate actions and exploratory discussions for transactions in excess of agreed limits.

The relationship agreement includes various corporate matters that cannot be passed without the consent of certain parties:

(a) "LSEG plc consent matters" that will require the written consent of LSEG plc. Material amendments to the LSEG plc consent matters can only be made by special resolution and with minority shareholder approval;

(b) "Push Matters" that LSEG plc or any of the directors appointed by LSEG plc may require to be put to LCH shareholders to be validly approved by at least: (a) 60 per cent. of the votes attaching to the LCH shares cast by LCH shareholders; and (b) 25 per cent. of the votes attaching to the LCH shares cast by user shareholders; and

(c) "Minority protection reserved matters", which require the approval of LCH shareholders holding at least 80 per cent. of the votes attaching to the LCH shares cast on the relevant resolution at an LCH shareholder meeting.

LSEG plc will lose certain of its key rights under the relationship agreement in certain circumstances:

(a) a number of LSEG plc's key rights (including the right to appoint and remove the chief executive officer, the LSEG plc consent matters and the push matters) will be lost if LSEG plc no longer holds 40 per cent. or more of the issued share capital of LCH; and

(b) in certain limited material circumstances such as the termination by LSEG plc of its clearing agreement with LCH other than for cause or if LSEG plc exercises its statutory voting rights to appoint directors to, or remove directors from, the LCH board such that LSEG plc obtains an overall majority, LSEG plc's rights under the relationship agreement will cease.

15.3.6 Material Financing Agreements

See Part 16: "*Operating and Financial Review of LSEG—Financial Instruments*" and "*Operating and Financial Review of LSEG—Bond Issuances*" for more details of the key terms of LSEG plc's material credit facilities and financing agreements:

- 2014 Revolving Credit Facility;
- 2015 Revolving Credit Facility;
- CC&G Credit Facility Agreements;
- 2016 Notes;
- 2019 Notes;
- 2021 Retail Bonds; and
- LCH preferred securities.

16 Related party transactions

16.1 The Company

There are no related party transactions that were entered into by the Company during the period from the date of incorporation of the Company and up to the date of this document.

16.2 The Deutsche Börse Group

See Part 7: "*Information on the Deutsche Börse Group—Certain Relationships and Related—Party Transactions*" for details of related party transactions entered into by members of the Deutsche Börse Group during the period covered by the historical financial information and up to the date of this document.

16.3 LSEG

See Part 8: "*Information on LSEG—Related Party Transactions*" for details of related party transactions entered into by members of LSEG during the period covered by the historical financial information and up to the date of this document.

17 Litigation and arbitration proceedings

17.1 The Company

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period since 9 March 2016 (being the date of its incorporation) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

17.2 LSEG

Save as disclosed in paragraphs 17.2.1 and 17.2.2 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on LSEG's financial position or profitability:

17.2.1 Freeman Investment Management Co., LLC ("**Freeman**") filed a complaint with a request for a jury trial against Russell in November 2013 in the US federal court for the Southern District of California. The complaint relates to Freeman's efforts in late 2009 and early 2010 to license to Russell a set of volatility index analyses it had developed. Freeman alleges that Russell improperly took its trade secret analyses and incorporated them into the Russell Stability Indexes. Freeman has alleged damages based on alleged profits made by Russell and Freeman's loss of profit. The LSEG Directors do not believe that there are grounds to establish or quantify damages of any significant amount, if at all. The LSEG Directors also believe that they have strong grounds to defend this claim on the merits and continue to do so on this basis.

17.2.2 The LCH Group has had correspondence and discussions with the joint special administrators of MFG (the "**Administrators**") in relation to a default management exercise that took place prior to LCH's acquisition by LSEG. The Administrators made an application to the English High Court seeking an Order to compel disclosure of certain documents and information which was rejected by the High Court. Separately, proceedings were filed in the Paris Commercial Court by the Administrators seeking to assess any losses suffered by MFG in connection with the close-out of MFG's positions at the time of its default and to establish the extent (and quantum) of LCH SA's liability for such losses, if any. These claims were rejected by the Paris Commercial Court in May 2016 on the basis that the proceedings were in any event time-barred under LCH SA's rulebook. Whilst the decision is capable of being appealed, LCH SA is not aware of any basis for a successful claim and firmly rejects any allegations of potential liability.

17.3 The Deutsche Börse Group

Save as disclosed in paragraphs 17.3.1 and 17.3.2 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Deutsche Börse Group's financial position or profitability.

17.3.1 *Criminal investigations against Clearstream Banking S.A.*

On 2 April 2014, Clearstream Banking S.A. was informed that the United States Attorney for the Southern District of New York has opened a grand jury investigation against Clearstream Banking S.A. due to Clearstream Banking S.A.'s conduct with respect to Iran and other countries subject to U.S. sanction laws. The investigation includes, but is not limited to, the conduct which formed the basis for Clearstream Banking S.A.'s January 2014 settlement with the U.S. Department of the Treasury's Office of Foreign Assets Control. Clearstream Banking S.A. is cooperating with the U.S. attorney. While it is not possible to predict the outcome of the investigation at this stage, possible outcomes range from a decision by the U.S. attorney to take no action, a decision to pursue criminal charges, an agreed-upon resolution with associated penalties, or a forfeiture of funds.

17.3.2 *CBOE vs ISE*

On 12 November 2012, the Chicago Board Options Exchange ("**CBOE**") filed a patent infringement law suit against the ISE (the "**CBOE Litigation**"). In the CBOE Litigation, CBOE alleges U.S.$525 million in damages for infringement of three patents, which relate to systems and methods for limiting market-maker risk. ISE believes that CBOE's damages claim lacks merit because it is unsupported by the facts and the law. ISE intends to vigorously defend itself in this lawsuit. Upon ISE's motion, the case was stayed, pending the outcome of certain petitions filed by ISE with the U.S. Patent and Trademark Office ("**USPTO**") in which ISE sought to invalidate the CBOE patents. On 2 March 2015, the USPTO has partially granted ISE's petitions and has issued decisions determining that all three CBOE patents are at least insofar invalid as they constitute unpatentable abstract ideas. These decisions have been appealed by CBOE to the U.S. Court of Appeals for the Federal Circuit.

On 25 March 2016 the US Court of Appeals for the Federal Circuit ("**CAFC**") confirmed a prior decision of the USPTO that all CBOE's patents on which CBOE based its patent infringement case against ISE are invalid as they constitute, non-patentable, abstract ideas and thus these patents have to be revoked. The two options for CBOE to overcome this decision would be (i) a rehearing of the entire court to overrule the panel decision and (ii) an appeal to the US Supreme Court. It is not clear yet, if CBOE will use either of these options.

18 Working capital

The Company is of the opinion that, taking into account the cash resources and bank facilities available to the Combined Group, the Combined Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of publication of this document.

19 No significant change

19.1 The Company

There has been no significant change in the financial or trading position of HoldCo since 31 March 2016, the date to which the latest audited financial information in relation to the Company was prepared.

19.2 The Deutsche Börse Group

There has been no significant change in the financial or trading position of the Deutsche Börse Group since 31 March 2016, the date to which the latest unaudited interim condensed consolidated financial information in relation to the Deutsche Börse Group was prepared.

19.3 LSEG

There has been no significant change in the financial or trading position of LSEG since 31 December 2015, the date to which the latest audited consolidated financial information in relation to LSEG was prepared.

20 Consents

20.1 Deutsche Bank AG has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.2 Barclays Bank PLC, acting through its Investment Bank, has given and has not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

20.3 Perella Weinberg Partners UK LLP, which is authorised and regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.4 Robey Warshaw LLP, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.5 Merrill Lynch International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.6 HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.7 Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.8 J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.9 RBC Europe Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.10 Société Générale has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.11 UBS Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.12 Lazard & Co., Limited, which is authorised and regulated by the Financial Conduct Authority has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.13 KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of: (i) its report on the historical financial information of Holdco in Section B of Part 18: "*Historical Financial Information of Holdco*"; (ii) its report on the Unaudited Pro Forma Financial Information in Section B of Part 21: "*Unaudited Pro Forma Financial Information for the Combined Group and Accountants Report*"; and (iii) its accountant's report on the Deutsche Börse Profit Forecast in Annex 1: "*Deutsche Börse Profit Forecast*", in each case, in the form and context in which it appears and has authorised the contents of the part of this document which comprise its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

21 Dividends

21.1 The Deutsche Börse Group

The following table sets forth certain information regarding dividends declared and paid by Deutsche Börse AG in respect of the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013:

	Year ended 31 December		
	2015	**2014**	**2013**
Dividends paid in the period (millions)	€420.1	€386.8	€386.5
Dividend per share (cents)	225(1)	210(2)	210(3)

Notes:

(1) Based on 186.723.986 no-par-value shares entitled to a dividend.

(2) Based on 184.186.855 no-par-value shares entitled to a dividend.

(3) Based on 184.115.657 no-par-value shares entitled to a dividend.

21.2 LSEG

The following table sets forth certain information regarding dividends declared and paid by LSEG plc in respect of the financial years ended 31 December 2015, 31 March 2014 and 31 March 2013 and the nine months financial year ended 31 December 2014:

	Year ended 31 December 2015	Nine months ended 31 December 2014	Year ended 31 March 2014	Year ended 31 March 2013
Dividends paid in the period (millions)[(1)]	£115.5	£56.2	£80.8	£77.4
Dividend paid in the period per share (pence)	33.3	20.7	29.9	28.7
Dividend declared for the period per share (pence) . .	36.0	22.5	30.8	29.5

Notes:

(1) Corresponds to a pence per share payment on a diluted basis of 33.1, 16.1, 23.2 and 22.2 for the fiscal years ended 31 December 2015 and 2014 and 31 March 2014 and 2013, respectively, assuming an average of 348,541,231 shares outstanding (the number of LSEG shares outstanding as at the date of its latest public disclosure on 13 May 2016) throughout each of the periods.

22 Miscellaneous

The total costs and expenses which are expected to be incurred in connection with the Merger and Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to up to €308 million plus applicable VAT.

23 Documents available for inspection

Copies of the following documents may be inspected during usual business hours on any Business Day for a period of 12 months following Admission at the registered address of the Company 10 Paternoster Square, London, EC4M 7LS, United Kingdom:

- the Interim Articles of HoldCo and the Articles to be adopted by HoldCo on Completion;
- the Deutsche Börse 2015 Financial Statements as set out in the financial report of the Deutsche Börse Group for the financial years ended 31 December 2015 and the accompanying auditor's report;
- the Deutsche Börse 2014 Financial Statements and Deutsche Börse 2013 Financial Statements as set out in the corporate reports of the Deutsche Börse Group for the financial years ended 31 December 2014 and 31 December 2013 and the accompanying auditor's reports;
- the unaudited interim condensed consolidated financial information for the Deutsche Börse Group in respect of the three months ended 31 March 2016;
- the annual report and accounts of LSEG plc for the financial years ended 31 December 2015, 31 March 2014 and 31 March 2013 and the nine months financial year ended 31 December 2014, the accompanying auditor's reports;
- the consent letters referred to in paragraph 20 of this Part 24;
- the accountant's report on the Unaudited Pro Forma Financial Information of the Combined Group set out Section B of Part 21: "*Unaudited Pro Forma Financial Information for the Combined Group and Accountants Report*";
- the accountant's report on the Deutsche Börse Profit Forecast as set out in Annex 1: "*Deutsche Börse Profit Forecast*";
- the documents incorporated by reference into this document as described in Part 25: "*Documentation Incorporated by Reference*"; and
- this document.

1 June 2016

PART 25—DOCUMENTATION INCORPORATED BY REFERENCE

This document should be read and construed in conjunction with certain documents which has been previously published and filed with the FCA and which shall be deemed to be incorporated in, and form part of, this document.

Part 20: "*Historical Financial Information of LSEG plc*" and the table below list the information which is incorporated by reference into this document in compliance with Prospectus Rule 2.4.1. To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

Except as set forth above, no other portion of these documents is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for investors or the relevant information is included elsewhere in this document.

Incorporation by Reference

The audited consolidated financial statements of LSEG for the nine months financial year ended 31 December 2014, and the years ended 31 March 2014 and 2013, together with the unqualified independent audit reports thereon, as set out in the Annual Reports and Accounts of LSEG plc for the nine months financial year ended 31 December 2014 and the years ended 31 March 2014 and 2013, respectively, are incorporated by reference into this document. Additionally, certain information from the Annual Report and Accounts of LSEG plc for the year ended 31 December 2015 are also incorporated by reference, as indicated below.

The following list is intended to enable investors to identify easily specific items of financial information which have been incorporated by reference into this document.

Reference document	Information incorporated by reference	Page number in reference document
Annual Report and Accounts for the year ended 31 December 2015	Executive Management Team	18–19
	Segmental Review	20–35
	Our Wider Responsibility	36–37
	Financial Review	38–43
	Risk management oversight	44–45
	Principal risks and uncertainties	46–53
	Board of Directors	54–56
	Corporate Governance Report	57–60
	Report of the Nomination Committee	61
	Report of the Audit Committee	64–67
	Report of the Risk Committee	68–69
	Directors' Remuneration Report	70–87
Annual Report and Accounts for the nine months financial year ended 31 December 2014	Segmental Review	23–35
	Financial Review	38–43
	Independent Auditors' Report	102–105
	Consolidated income statement	106
	Consolidated statement of comprehensive income	106

Reference document	Information incorporated by reference	Page number in reference document
	Balance Sheets	107
	Cash flow statements	108
	Statements of changes in equity	109
	Notes to the financial statements	110–141
Annual Report and Accounts for the year ended 31 March 2014	Segmental Review	19–32
	Financial Review	34–39
	Independent Auditors' Report	76
	Consolidated income statement	77
	Consolidated statement of comprehensive income	77
	Balance Sheets	78
	Cash flow statements	79
	Statements of changes in equity	80
	Notes to the financial statements	81–109
Annual Report and Accounts for the year ended 31 March 2013	Segmental Review	17–31
	Financial Review	32–35
	Independent Auditors' Report	69
	Consolidated income statement	70
	Consolidated statement of comprehensive income	70
	Balance Sheets	71
	Cash flow statements	72
	Statements of changes in equity	73
	Notes to the financial statements	74–109

PART 26—DEFINITIONS

In this document the following expressions have the following meaning unless the context otherwise requires:

360T	360T Beteiligungs GmbH.
1000 Companies to Inspire Britain	1000 Companies to Inspire Britain, the report which is available at: http://www.lseg.com/resources/1000-companies-inspire-britain.
2014 Revolving Credit Facility	LSEG plc's €600 million revolving facility with The Bank of Tokyo-Mitsubishi UFJ, Ltd, Abbey National Treasury Services plc, Barclays Bank PLC, HSBC Bank plc, Royal Bank of Canada and The Royal Bank of Scotland plc entered into on 25 June 2014.
2015 Revolving Credit Facility	LSEG plc's €600 million revolving facility with The Bank of Tokyo-Mitsubishi UFJ, Ltd, HSBC Bank plc, The Royal Bank of Scotland plc, Abbey National Treasury Services plc, Barclays Bank PLC, China Construction Bank Corporation London Branch, Royal Bank of Canada and Wells Fargo Bank, National Association, London Branch entered into on 9 November 2015.
ABS	Asset Backed Securities.
Acceptance Period	The period for acceptance of the Exchange Offer by the Deutsche Börse Shareholders pursuant to Sec. 16 para. 1 sent. 1 WpÜG, which commences on 1 June 2016, being the date of publication of this document and the Exchange Offer Document, and ends on 12 July 2016 (subject to extension in accordance with WpÜG and the terms of the Exchange Offer Document).
ACH	Approved clearing house.
ACPR	*Autorité de contrôle prudentiel et de resolution*.
Adjusted EBITDA	See Part 21: *"Unaudited Pro Forma Financial Information for the Combined Group and Accountants Report"*.
Admission	The admission of the HoldCo Shares to: (a) (i) the premium listing segment of the Official List (in accordance with the Listing Rules and FSMA); and (ii) trading on the main market of the London Stock Exchange (in accordance with the Admission and Disclosure Standards of London Stock Exchange plc); and (b) trading on the regulated market of the Frankfurt Stock Exchange and the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.
Admission and Disclosure Standards	The requirements contained in the publication "Admission and Disclosure Standards" (as amended from time to time) published by the London Stock Exchange containing, among other things, the requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities.
AE	Approved Exchange.
AGREX	Agricultural Derivatives Exchange
AHC	Approved Holding Company.
Announcement	The announcement made on 16 March 2016 in relation to HoldCo's firm intention to make an offer for LSEG plc under Rule 2.7 of the City Code.

Appropriate Committee	As the context requires, the Deutsche Börse Supervisory Board or the relevant governance committee of the Deutsche Börse Group deciding upon the remuneration of individual employees and members of the Deutsche Börse Management Board within the Deutsche Börse Group or parts thereof.
Articles	The articles of association to be adopted by the Company on Completion (as amended from time to time).
Associates	Has the meaning given to it in the Listing Rules.
Auditors	Auditors of the Company from time to time.
AUM	Assets under management.
BaFin	the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht).
Banks	Deutsche Bank AG, Perella Weinberg Partners UK LLP, Robey Warshaw LLP, Merrill Lynch International, HSBC Bank plc, Goldman Sachs International, J.P. Morgan Cazenove, RBC Europe Limited, Société Générale, UBS Limited and Lazard & Co., Limited.
Barclays	Barclays Bank PLC, acting through its Investment Bank.
Benchmark Regulation	The regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
Boards	The Deutsche Börse Management Board and the LSEG Board.
BoE	Bank of England.
BRRD	Bank Recovery and Resolution Directive.
Business Day	A day other than a Saturday, Sunday, public or bank holiday on which banks are generally open in the City of London or Frankfurt for the transaction of general commercial business.
CBF	Clearstream Banking AG, Frankfurt.
CBL	Clearstream Banking, Luxembourg.
CC&G	Cassa di Compensazione e Garanzia
CCP	A central clearing counterparty that intermediates, and therefore takes the risk, of the obligations of transactions between its clearing members (or other CCPs through interoperability arrangements) under the transactions entered into by those clearing members (or by their clearing customers) that are cleared through it.
CEINEX	The joint venture between the Deutsche Börse Group, the Shanghai Stock Exchange and the China Financial Futures Exchange (*China Europe International Exchange*).
Certificated form or **certificated**	Shares not recorded on the relevant shareholder register as being in uncertificated form in CREST.
CFO	The chief financial officer of HoldCo, from time to time.
CFTC	Commodity Futures Trading Commission.
Chairman	The chairman of the HoldCo Board, from time to time.
CHF	Swiss Francs.
Chief Executive Officer	The chief executive officer of HoldCo, from time to time.

City Code	The UK City Code on Takeovers and Mergers (as amended from time to time and interpreted by the Panel).
Closing Date	The date on which Completion occurs, being the date of completion of the last of the steps required to effect the Merger, up to and including Admission.
Code	U.S. Internal Revenue Code, 1986.
Code Offer	A takeover offer (as defined in Section 974 of the Act) governed by the City Code to be made if the LSEG Acquisition is implemented by way of a contractual takeover offer.
Combined Group	The Deutsche Börse Group, LSEG and HoldCo following Completion.
Companies Act	The UK Companies Act 2006, as such act may be amended from time to time.
Completion	The completion of the Merger in accordance with its terms.
Conditions	The LSEG Conditions and the Deutsche Börse Conditions, and "Condition" shall mean any one of them.
Co-operation Agreement	The co-operation agreement entered into by LSEG plc, Deutsche Börse AG and HoldCo on 16 March 2016 in connection with the Merger.
Court	The High Court of Justice of England and Wales.
Court Meeting	The meeting (or any adjournment thereof) of the Scheme Shareholders to be convened by order of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without modification), notice of which will be set out in the Scheme Document, for the purpose of approving the Scheme, (including any adjournment thereof).
CPMI	Committee on Payments and Market Infrastructures (formerly the CPSS).
CPSS	Committee on Payment and Settlement Systems (now the CPMI).
CREST	The relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form.
CREST Regulations	The Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time.
CSD	Central Securities Depositories.
CurveGlobal	Curve Global Limited.
DCM	Designated contract markets.
DCO	Derivatives clearing organisation.
Deputy Chairman	The deputy chairman of the HoldCo Board from time to time.
Deutsche Bank	Deutsche Bank AG, London Branch.

Deutsche Börse 2013 Financial Statements	The audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2013 incorporated by reference into this document, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2013.
Deutsche Börse 2014 Financial Statements	The audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2014 incorporated by reference into this document, as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2014.
Deutsche Börse 2015 Financial Statements	The audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2015, set out herein and as set out in the financial report of the Deutsche Börse Group for the year ended 31 December 2015.
Deutsche Börse 2018 Guidance	has the meaning given to it in Annex 1 of this document.
Deutsche Börse Acquisition	The proposed acquisition by HoldCo of the entire issued and to be issued shares in Deutsche Börse AG by way of the Exchange Offer.
Deutsche Börse AG	Deutsche Börse AG, a German stock corporation registered in the commercial register of the local court of Frankfurt am Main under HRB 32232.
Deutsche Börse Conditions	The conditions to the implementation of the Exchange Offer as set out in Appendix 2 to the Announcement and in the Exchange Offer Document, which are reproduced in Annex 3: "Deutsche Börse Conditions".
Deutsche Börse Exchange Ratio	The exchange ratio applicable to the Exchange Ratio of one HoldCo Share for every one Deutsche Börse Share.
Deutsche Börse Group	Deutsche Börse AG and its subsidiary undertakings from time to time.
Deutsche Börse LSI / RSU Schemes	(i) the Long-term Sustainable Instrument and the Restricted Stock Units for Risk Takers 2016 of the Deutsche Börse Group; each applicable to level six and other selected employees; (ii) the Long-term Sustainable Instrument for Group Risk Takers 2016 of the Deutsche Börse Group, applicable to level five employees and below; and (iii) the Long-term Sustainable Instrument for Group Risk Takers 2014/2015 of the Deutsche Börse Group; the Long-term Sustainable Instrument for Group Risk Takers 2014/2015 of Eurex Clearing AG and identical plans for Clearstream entities; each applicable to employees below the Deutsche Börse Management Board identified as Risk Takers.
Deutsche Börse Management Board	The management board of Deutsche Börse AG from time to time.

Deutsche Börse Nominated Director(s)	A Deutsche Börse Nominated Non-Executive Director, the Initial Deputy Chairman, the Initial Chief Executive Officer, or a Director nominated by the Deutsche Börse Nominated Non-Executive Directors from time to time in accordance with the Articles.
Deutsche Börse Nominated Non-Executive Directors	The Non-Executive Directors nominated by Deutsche Börse AG to occupy office as at the date of adoption of the Articles, and any Non-Executive Directors nominated by Deutsche Börse AG as non-executive directors from time to time in accordance with the Articles.
Deutsche Börse Profit Forecast	The profit forecast of Deutsche Börse AG as set out in Annex 1 of this document.
Deutsche Börse Senior Managers	The members of the Deutsche Börse Management Board and Deutsche Börse Supervisory Board.
Deutsche Börse Shareholders	The holders of Deutsche Börse Shares from time to time.
Deutsche Börse Shares	The registered no-par-value shares in the share capital of Deutsche Börse AG, each representing a pro-rata amount in the share capital of Deutsche Börse AG of €1.00 per share.
Deutsche Börse Share Plans	(i) the Performance Share Plan as effective from 1 January 2016 and the Performance Bonus Plan as effective from 1 January 2016 for Deutsche Börse Management Board members; (ii) the Performance Share Plan as of February 2016 and the Performance Bonus Plan as of February 2016; each applicable to level six and other selected employees, who are not considered risk-takers; (iii) the Deutsche Börse LSI / RSU Schemes; (iv) the Stock Bonus Plan of Deutsche Börse AG; and (v) the Group Share Plan of Deutsche Börse AG.
Deutsche Börse Supervisory Board	The supervisory board of Deutsche Börse AG from time to time.
Deutsche Börse Unaudited Interim Financial Information	The unaudited condensed consolidated interim financial information of the Deutsche Börse Group for the three month period ended 31 March 2016.
Disclosure and Transparency Rules	The disclosure rules and transparency rules produced by the FCA and forming part of the handbook of the FCA through which a manager derives its status as an authorised person under the FSMA rules and guidance, as, from time to time, amended.
Dodd-Frank	The Dodd-Frank Wall Street Reform and Consumer Protection Act.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
ECB	The European Central Bank.
Effective Date	The date on which the Scheme becomes effective.
EMIR	European Market Infrastructure Regulation.
ETC	Exchange Traded Commodities.
ETF	Exchange Traded Funds.

EU	The European Union.
EU IFRS	International Financial Reporting Standards, as adopted by the European Union.
EU Member States	Member states of the EU.
EURIBOR	The European Interbank Offer Rate.
€, euro or **EUR**	The single currency established for members of the European Economic and Monetary Union from 1 January 1999.
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST.
European Economic Area or **EEA**	The EU, Iceland, Norway and Liechtenstein.
Exchange Act	The United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.
Exchange Offer	The securities exchange offer made to all shareholders of Deutsche Börse AG by HoldCo in connection with the Merger.
Exchange Offer Document	The document to be published pursuant to § 14 para. 1 WpÜG containing and setting out the full terms and conditions of the Exchange Offer.
Exchange Ratio	The Deutsche Börse Exchange Ratio or the LSEG Exchange Ratio, as applicable.
Excluded Shares	(i) any LSEG Shares beneficially owned by HoldCo or any other member of the Combined Group; and (ii) any LSEG Shares held in treasury by LSEG plc.
Executive Directors	The executive directors of the Company from time to time.
FBOTs	Foreign Boards of Trade, which are foreign exchanges registered in the USA.
FCA	The UK Financial Conduct Authority.
FICC	Fixed-income, currencies and commodities.
Financial Transaction Tax	The EU financial transaction tax proposed by the European Commission.
FINMA	The Swiss Financial Market Supervisory Authority FINMA.
FINRA	The U.S. Financial Industry Regulatory Authority.
FMIA	The Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading.
FMIs	Financial market infrastructures.
FSB	The Financial Stability Board, which includes institutions of the G-20 countries and other international institutions (World Bank, ECB, EU Commission etc.). It monitors and makes recommendations about the global financial system. Its seat is in Basel, Switzerland.
FSE Admission	The admission of the HoldCo Shares to trading on the regulated market of the Frankfurt Stock Exchange and the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.
FSMA	The Financial Services and Markets Act 2000, as amended.
FSOC	U.S. Financial Stability Oversight Council.
FTSE TMX	FTSE TMX Global Debt Capital Markets.

GAAP	Generally accepted accounting principles.
German FUSA	The German Federal Agency for Financial Market Stabilisation.
German Takeover Act	The German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz).
globeSettle	globeSettle S.A.
GSP 2016	Deutsche Börse Group Share Plan 2016.
Hessian Authority	The Hessian Exchange Supervisory Authority.
HMRC	HM Revenue & Customs.
HoldCo or the **Company**	HLDCO123 PLC, a new holding company incorporated in England and Wales with registered number 10053870 for the purposes of effecting the Merger.
HoldCo Board	The board of directors of HoldCo from time to time.
HoldCo Directors or Directors	The directors of HoldCo as at the date of this document, being Carsten Kengeter and David Warren or, where the context so requires, the directors of HoldCo from time to time.
HoldCo Shareholders	Holders of HoldCo Shares from time to time.
HoldCo Shares	The ordinary shares of €1.00 each, issued and to be issued, in the capital of the Company, to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities; and to a prime standard listing and trading on the Frankfurt Stock Exchange.
HoldCo Sole Shareholder	The sole shareholder of HoldCo as at the date hereof, being Stichting HLDCO123, a foundation formed under the law of the Netherlands and having its official seat in the municipality of Amsterdam, the Netherlands.
HoldCo Sponsors' Agreement	the sponsor agreement entered into on or around the date of this document between LSEG plc, Deutsche Börse AG, HoldCo, Barclays and Deutsche Bank, pursuant to which Barclays and Deutsche Bank have agreed to act, subject to certain conditions, as joint sponsors of HoldCo in relation to the LSE Admission.
HSBC	HSBC Bank plc.
ICSD	International Central Securities Depositories.
IDEM	Italian Derivatives Market.
IDEX	Italian Derivatives Energy Exchange.
IFRS	International Financial Reporting Standards.
Independent Non-Executive Directors	The "independent non-executive directors" of the Company, within the meaning of the UK Corporate Governance Code.
Initial CFO	The Director who occupies the office of CFO on the date of adoption of the Articles.
Initial Chairman	The Director who occupies the office of Chairman on the date of adoption of the Articles.
Initial Chief Executive Officer	The Director who occupies the office of Chief Executive Officer on the date of adoption of the Articles.
Initial Deputy Chairman	The Director who occupies the office of Deputy Chairman and senior independent director on the date of adoption of the Articles.

Initial Non-Executive Director	The Non-Executive Directors on the date of adoption of the Articles.
Initial Period	The three year period beginning on the date of adoption of the Articles.
IOSCO	International Organization of Securities Commissions.
IPO	Initial public offering.
IRS	The U.S. Internal Revenue Service.
ISE Group	U.S. Exchange Holdings, Inc. together with the included direct and indirect subsidiaries of U.S. Exchange Holdings, Inc.
IT	Information Technology.
Joint Sponsors	Barclays and Deutsche Bank, in their capacity as joint sponsors to HoldCo in connection with the LSE Admission.
J.P. Morgan Cazenove	J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove.
KAs	Key Attributes of Effective Resolution Regimes for Financial Institutions.
KRW	Korean Won.
Latest Practicable Date	27 May 2016, being the latest practicable date prior to the publication of this document.
LCH	LCH.Clearnet Group Limited, a company incorporated in England and Wales (registered number 04743602), whose registered office is at Aldgate House, 33 Aldgate High Street, London EC3N 1EA.
LCH Group	LCH and its subsidiaries.
LCH Limited	LCH.Clearnet Limited
LCH LLC	LCH.Clearnet LLC
LCH SA	Banque Centrale de Compensation S.A.
LIBOR	The London interbank offer rate.
Listing Rules	The rules and regulations made by the FCA in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority's publication of the same name.
London Stock Exchange	London Stock Exchange plc.
Long Stop Date	30 June 2017.
LSE Admission	The admission of the HoldCo Shares to the premium listing segment of the Official List maintained by the FCA and to trading on the London Stock Exchange's main market for listed securities.
LSEDM	LSEG's London Stock Exchange Derivatives Market platform.
LSEG	LSEG plc and its subsidiary undertakings from time to time.
LSEG Acquisition	The proposed acquisition by HoldCo of the entire issued and to be issued ordinary share capital of LSEG plc which is to be effected pursuant to the Scheme or, if HoldCo so elects and LSEG plc and the Panel each consents, by means of a Code Offer.

LSEG Board The board of directors of LSEG plc as at the date of this document.

LSEG Conditions The conditions to the implementation of the Scheme and the LSEG Acquisition as set out in Appendix 2 to the Announcement and in the Scheme Document, and which are reproduced in Annex 4: "LSEG Conditions and Certain Further Terms".

LSEG Directors The directors of LSEG plc.

LSEG Exchange Ratio The exchange ratio applicable to the LSEG Acquisition of 0.4421 of a HoldCo Share for every one LSEG Share.

LSEG Executive Directors The executive directors of LSEG plc.

LSEG General Meeting The general meeting (or any adjournment thereof) of the LSEG Shareholders to be convened in connection with the Scheme and the Merger, notice of which will be set out in the Scheme Document, including any adjournment thereof.

LSEG Nominated Directors An LSEG Nominate Non-Executive Director, the Initial Chairman, the Initial CFO, or a Director nominated by the LSEG Nominated Non-Executive Directors from time to time in accordance with the Articles.

LSEG Nominated Non-Executive Directors The Non-Executive Directors nominated by LSEG plc to occupy office as at the date of adoption of the Articles, and any Non-Executive Directors nominated by LSEG plc as non-executive directors from time to time in accordance with the Articles.

LSEG plc London Stock Exchange Group plc, incorporated in England and Wales with registered number 5369106.

LSEG Senior Managers Suneel Bakhshi

Chris Corrado

Diane Côté

Serge Harry

Catherine Johnson

David Lester

Mark Makepeace

Nikhil Rathi

LSEG Shareholders The registered holders of LSEG Shares from time to time.

LSEG Shares The ordinary shares of $6\frac{79}{86}$ pence each in the capital of LSEG plc.

LSEG Share Plans The LSEG plc Long Term Incentive Plan 2014, the LSEG plc Long Term Incentive Plan 2004, the LSEG plc Deferred Bonus Plan 2014, the LSEG SAYE Option Scheme, the LSEG plc International Sharesave Plan 2008, the LSEG plc Performance Aligned Restricted Share Plan 2010, the LSEG plc Restricted Share Award Plan 2008, the LCH Long Term Incentive Plan 2014 and any other share incentive plan or arrangement operated by LSEG plc.

Member States Member states of the EEA.

Merger	The LSEG Acquisition and the Exchange Offer which, taken together, will, when implemented form the Combined Group.
MFG	MF Global UK Limited.
MiFID	Markets in Financial Instruments Directive 2004/39/EC.
MiFID II	Markets in Financial Instruments Directive II.
MiFIR	Markets in Financial Instruments Regulation.
MilleniumIT	Millenium Information Technologies (Private) Limited, LSEG's trading, surveillance and post trade technology business.
MNI	Market News International.
Monte Titoli	Monte Titoli S.p.A
MSP	Major Swap Participants, who are persons or entities subject to US law that maintain a substantial position in swaps (with certain exceptions) or whose outstanding swaps create substantial counterparty exposure.
MTF	Multilateral Trading Facility.
Non-Executive Directors	The non-executive directors of HoldCo from time to time.
OCC	Options Clearing Corporation.
OFAC	Office of Foreign Assets Control, an agency of the US Treasury Department which administers and enforces economic and trade sanctions based on US foreign policy and national security goals.
Offer Period	the period commencing on 23 February 2016 and ending on: (i) the earlier of the Effective Date and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide); or (ii) the earlier of the date on which the LSEG Acquisition has become or has been declared unconditional as to acceptances and/or the date on which the LSEG Acquisition lapses or is withdrawn (or such other date as the Panel may decide), in each case other than where such lapsing or withdrawal is a result of HoldCo exercising its right to implement the LSEG Acquisition by way of a Takeover Offer or a Scheme (as appropriate).
Official List	The official list maintained by the UK Listing Authority.
Overseas Shareholders	LSEG Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or the United States.
Panel or **Takeover Panel**	The UK Panel on Takeovers and Mergers including the following bodies: the Executive, Hearings Committee and Takeover Appeal Board.
Panel Statement	The Panel having published a statement on its website (www.thetakeoverpanel.org.uk) that HoldCo is required to treat the relevant LSEG Condition as having been satisfied because either: (i) in accordance with Rule 13.5(a) of the City Code, no circumstances have arisen that are finally determined by the Panel to be of material significance to LSEG plc in the context of the LSEG Acquisition; or

(ii) in accordance with Rule 13.5(b) of the City Code, the Panel has finally determined that HoldCo has not used all reasonable efforts to ensure the satisfaction of the relevant LSEG Condition.

PD Regulation . . . . Commission Regulation (EC) No 809/2004.

Perella Weinberg Partners . . . . Perella Weinberg Partners UK LLP.

Permitted Deutsche Börse Dividend . . The dividend to Deutsche Börse Shareholders permitted under the terms of the Merger of €2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015, which was paid on 12 May 2016.

Permitted LSEG Dividend . . . . Each of the dividends to LSEG Shareholders permitted under the terms of the Merger of:

- 25.2 pence per LSEG Share for the six month period ended 31 December 2015, to be paid on 1 June 2016; and
- 12.0 pence in respect of the six month period ending 30 June 2016 in line with LSEG plc's existing dividend policy, scheduled to be paid in September 2016.

PFIC . . . . A passive foreign investment company for U.S. federal income tax purposes.

PFMI . . . . Principles for Financial Market Infrastructures.

Possible Capital Reduction . . . . The distributable reserves that the Company is considering creating by capitalising all or part of the merger reserve which will be created as a result of the Company acquiring LSEG plc and Deutsche Börse AG, and immediately cancelling the shares issued upon such capitalisation.

PRA . . . . UK Prudential Regulation Authority.

Proposed Directors . . . . Donald Brydon, Joachim Faber, Carsten Kengeter, David Warren, Richard Berliand, Erhard Schipporeit, Karl-Heinz Flöther, Amy Yip, Ann-Kristin Achleitner, Christopher Cole, Jacques Aigrain, Paul Heiden, Lex Hoogduin, Andrea Munari, David Nish and Mary Schapiro.

Prospectus . . . . This document, which constitutes a prospectus used in connection with the application for admission to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, and which has been approved and will be passported into Germany in connection with the application for admission to a prime standard listing and to trading on the Frankfurt Stock Exchange.

Prospectus Directive . . . . The EU Prospectus Directive (2003/71/EC), including any relevant implementing measure in each Member State that has implemented Directive 2003/71/EC.

Prospectus Rules . . . . The rules for the purposes of Part VI of FSMA in relation to offers of securities to the public and the admission of securities to trading on a regulated market.

Q1 . . . . The three-month period ended 31 March, of the applicable year.

RBC Capital Markets . . . . RBC Europe Limited trading as RBC Capital Markets.

RCH . . . . Recognised Clearing House

Referendum . . . . The vote by the United Kingdom electorate on the continuing membership of the United Kingdom of the European Union.

Referendum Committee	A joint committee made up of LSEG plc and Deutsche Börse AG representatives established to consider the potential impact on the business of the Combined Group of a vote by the United Kingdom electorate to leave the European Union.
Regulation S	Regulation S under the Securities Act.
Regulation SCI	Regulation Systems Compliance and Integrity, a set of US rules to monitor the security and capabilities of US securities markets' technological infrastructure, designed by the *United States Securities and Exchange Commission*.
Remuneration Committee	The remuneration committee of the HoldCo Board from time to time.
Restricted Jurisdiction	Any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to LSEG Shareholders in that jurisdiction.
RIS	Regulatory Information Service.
RMB	Renminbi.
RMOs	Recognised Market Operators.
Robey Warshaw	Robey Warshaw LLP.
Russell	Frank Russell Company, which was acquired by LSEG in 2014.
Russell Investments	The asset management business of Russell.
SAG	The German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*).
SBS	A swap that references a single security or loan (*Security-based swap*).
Scheme Court Hearing	The hearing of the Court to sanction the Scheme by no later than the expiration of the Long Stop Date.
Scheme Court Order	The order of the Court sanctioning the Scheme under Part 26 of the Companies Act by no later than the expiration of the Long Stop Date.
Scheme Document	The document to be sent to (among others) LSEG Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and LSEG General Meeting.
Scheme or **Scheme of Arrangement**	The proposed scheme of arrangement made under Part 26 of the Companies Act between LSEG plc and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by LSEG plc and HoldCo.
Scheme Record Time	The time and date specified in the Scheme Document, expected to be 6:30 p.m. (London time) on the date that is the Business Day after the date of the Scheme Court Hearing.
Scheme Shareholders	Holders of Scheme Shares.
Scheme Shares	LSEG Shares: (a) in issue at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and

(c) (if any) issued at or after the Scheme Voting Record Time and at or prior to the Scheme Record Time on terms that the holders will be bound by the Scheme,

but in each case other than the Excluded Shares.

Scheme Voting Record Time . . . . The time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined.

SDR . . . . An entity that collects and maintains the records of over-the-counter (OTC) derivatives under US law (*Swap Data Repository*).

SDs . . . . Swap dealer.

SEC . . . . United States Securities and Exchange Commission.

Securities Act . . . . The United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

SEF . . . . A platform for financial swap trading that provides pre-trade information and a mechanism for executing swap transaction among eligible participants (*Swap Execution Facility*).

SFA . . . . Securities and Futures Act (Cap. 289 of Singapore).

SMEs . . . . Small and medium-size enterprises.

SROs . . . . Self-regulatory Organisations.

T2S . . . . TARGET2-Securities, the ECB's centralised platform for securities settlement.

Takeover Offer . . . . Should the LSEG Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act in the circumstances described in this document, the offer to be made by or on behalf of HoldCo to acquire the entire issued and to be issued share capital of LSEG plc and, where the context admits, any subsequent revision, variation, extension or renewal of such offer.

TWD . . . . Taiwanese Dollar.

U.S. Holder . . . . A beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

UCITS . . . . Undertakings for Collective Investment in Transferable Securities.

UK Corporate Governance Code . . . . UK Corporate Governance Code published in September 2014 by the Financial Reporting Council.

UK Listing Authority . . . . The FCA acting in its capacity as the competent authority for listing under the Financial Services and Markets Act 2000.

UK or **United Kingdom** . . . . The United Kingdom of Great Britain and Northern Ireland.

Unaudited Pro Forma Financial Information	The unaudited pro forma statement net assets and unaudited pro forma income statement of the Combined Group prepared for illustrative purposes only in accordance with Annex I and Annex II of the PD Regulation and on the basis of the notes to the pro forma statements, as set out in Part 21: "*Unaudited Pro Forma Financial Information of the Combined Group and Accountants Report*".
uncertificated form	Shares recorded on the relevant register of members as being held in uncertificated form and legal title to which may, by virtue of the CREST Regulations, be transferred by means of CREST.
United States of America, United States, USA or **U.S.**	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
VAT	Value added tax.
WpÜG	German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz).
£, pounds sterling, pence, p or **GBP** . .	The lawful currency of the United Kingdom.
$, U.S.$, U.S. dollars, cents or **USD** . .	The lawful currency of the United States of America.

ANNEX 1—DEUTSCHE BÖRSE PROFIT FORECAST

Section A: Profit Forecast

Deutsche Börse AG

Deutsche Börse Profit Forecast

On 17 February 2016, Deutsche Börse AG released its preliminary results announcement for the fourth quarter and full year ended 31 December 2015. On 18 February 2016, Deutsche Börse AG presented its preliminary results for the fourth quarter and full year ended 31 December 2015 in an annual press briefing and an analyst and investor conference call.

Included in the preliminary results announcement, annual press briefing and analyst and investor conference call was the following guidance for the financial year ending 31 December 2016 (the "**Deutsche Börse Profit Forecast**"):

2016 Guidance.

- 5 per cent.–10 per cent. net revenue growth.
- 0 per cent.–5 per cent. operating costs growth, excluding around EUR75m of exceptional items (e.g. restructuring, litigation, M&A integration).
- 10 per cent.–15 per cent. net income growth.

The Deutsche Börse Profit Forecast, which was released by Deutsche Börse AG prior to announcement of the Merger, relates to net revenue growth, operating cost growth and net income growth, in line with the previous guidance given by Deutsche Börse AG and as means of evaluating the financial and operating performance of the Deutsche Börse Group. Deutsche Börse AG makes a net profit forecast annually. The Deutsche Börse Profit Forecast was originally made in February 2016 and was not made in the context of the Merger which is why it was not made in accordance with ESMA 47. Deutsche Börse AG has a fixed tax rate and the market is therefore able to calculate its profit before tax.

Basis of preparation

The Deutsche Börse Profit Forecast is based on the preliminary results of the Deutsche Börse Group for the fourth quarter and full year ended 31 December 2015 and management account forecasts of the results of the Deutsche Börse Group for the financial year ending 31 December 2016. The profit forecast is required to be presented on a basis consistent with the accounting policies of the Company.

Assumptions

The Deutsche Börse Profit Forecast is based on the following assumptions for the period to which they relate:

Factors outside the influence or control of the Directors

- There will be continued recovery of the eurozone and world economies.
- There will be no material changes to the conditions of the markets in which Deutsche Börse AG operates.
- The main exchange rates and inflation and tax rates in Deutsche Börse AG's principal markets will remain materially unchanged from the prevailing rates.
- There will be no material changes in legislation or regulatory requirements impacting on Deutsche Börse AG's operations or its accounting policies.
- There will be no material changes to Deutsche Börse AG's obligations to customers.
- There will be no material change to the competitive environment leading to an adverse impact on consumer preferences or the capacity of the Deutsche Börse AG business to penetrate new markets.

Factors within the influence and control of the Directors

- There will be no material impact on Deutsche Börse AG's ability to negotiate new business.

- There will be no material change to Deutsche Börse AG's customer base or the ability or willingness of the customer base to meet its obligations to Deutsche Börse AG from that currently anticipated by the Directors.

Deutsche Börse 2018 Profit Guidance

Deutsche Börse AG had also previously given guidance with respect to net revenue, EBIT and net income for the period until the financial year ending 31 December 2018 (the "**Deutsche Börse 2018 Guidance**").

The Deutsche Börse 2018 Guidance was approved by the Deutsche Börse Management Board in July 2015 and relates to Deutsche Börse Group and was based on its continued operation as an independent group. The Deutsche Börse 2018 Guidance does not reflect any synergies, opportunities, reorganisation, restructuring or transaction costs associated with the Merger.

As part of the Combined Group, the actual results of the Deutsche Börse Group for the period until the financial year ending 31 December 2018 will differ significantly from the Deutsche Börse 2018 Guidance for reasons including the following:

- Cost synergy opportunities—as outlined in Part 6: "*Information on the Combined Group and Background to the Merger*" and Annex 2: "*Quantifiable Financial Benefits Statement*" of this document, Deutsche Börse AG and LSEG plc expect to generate recurring pre-tax cost synergies of approximately €450 million per annum in year three post Completion;
- Pre-tax gross revenue synergy opportunities—Deutsche Börse AG and LSEG plc believe that there is significant opportunity for pre-tax gross revenue synergies of at least €250 million per annum in year five post Completion, driven by the ability of the Combined Group to offer both existing and new innovative products through an expanded global distribution network to both new and existing customers across buy-side and sell-side;
- Transaction costs—Deutsche Börse AG currently estimates that the aggregate amount of expenses it will incur for legal, financial, accounting and other professional advisers related to the Merger will be approximately up to €129 million and LSEG plc currently estimates that the aggregate amount of such expenses that it will incur will be approximately up to €178 million, in each case, plus applicable VAT; and
- Other costs—the costs of integration, reorganisation and restructuring to be carried out following Completion.

Consequently, the Deutsche Börse 2018 Guidance does not reflect the views of the Directors and the Proposed Directors of HoldCo in respect of the future financial performance of the Combined Group following Completion, and therefore, the Deutsche Börse 2018 Guidance is considered by the Directors and the Proposed Directors of HoldCo to no longer be valid in the context of the Merger. As such it is not necessary to reassess such guidance for the purposes of the Listing Rules.

LSEG

Not applicable. There is no profit forecast or estimate for LSEG plc.

HoldCo

Not applicable. There is no profit forecast or estimate for HoldCo.

Section B: Accountant's Report on the Deutsche Börse Profit Forecast

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

The Directors and Proposed Directors
HLDCO123 PLC
10 Paternoster Square
London EC4M 7LS

1 June 2016

Ladies and Gentlemen

Deutsche Börse AG ("DBAG")

We report on the profit forecast comprising forecast of net revenue, operating costs, and net income of DBAG for the year ending 31 December 2016 (the 'Profit Forecast'). The Profit Forecast, and the material assumptions upon which it is based, are set out in Section A of Annex 1 of the prospectus issued by HLDCO123 PLC (the "Company") dated 1 June 2016. This report is required by paragraph 13.2 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors and the proposed directors of the Company to prepare the Profit Forecast in accordance with the requirements of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as required by the Prospectus Directive Regulation as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of preparation of the Profit Forecast

The Profit Forecast has been prepared on the basis stated in Section A of Annex I of the prospectus and is based on the unaudited interim financial results for the three months ended 31 March 2016, the unaudited management accounts for the three months ended 31 March 2016 and a forecast to 31 December 2016. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Company.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Company. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the directors and the proposed directors of the Company, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the directors and the proposed directors of the Company which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed and whether any material assumption made by the directors and the proposed directors of the Company appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

ANNEX 2—QUANTIFIABLE FINANCIAL BENEFITS STATEMENT

Part 6: "*Information on the Combined Group and Background to the Merger—Background to and Reasons for the Merger*" contains statements of estimated cost savings and synergies arising from the Merger (together, the "**Quantified Financial Benefits Statement**").

A copy of the Quantified Financial Benefits Statement is set out below:

The Merger combines two highly complementary businesses, delivering significant long term value creation for shareholders and customers. This includes the delivery of cost synergies of approximately €450 million per annum, achieved in year three post Completion and also includes revenue synergies of at least €250 million per annum achieved in year five post Completion, of which approximately €160 million will be delivered by year three post Completion, with significant opportunity for further revenue growth.

The Combined Group will be a leading global markets infrastructure company, with a significantly enlarged customer and product base, strong customer relationships and global distribution capability and with core strengths in product development and innovation. The Combined Group will have an enhanced ability to address rapidly evolving industry, customer and regulatory dynamics and be better positioned strategically to compete with other infrastructure providers in a consolidating and globalising market.

The Combined Group will drive significant value creation unlocked through fundamental operating principles of customer-centricity, maximising efficiencies, simplification and harmonisation, as well as the ability to offer both existing and new innovative products through an expanded global distribution network to new and existing customers across the buy-side and sell-side. It is expected that the Merger will be accretive to adjusted cash earnings for both sets of shareholders in the first year post Completion.

The Combined Group will maintain and strengthen its customer partnership and pro customer choice principles, seeking to build or retain a leadership position in every major business in which it operates. Commitment to our customer centric operating model allows us to most effectively service customers' needs, leading to long term shareholder value creation.

The Combined Group operates in a number of markets where there is strong underlying growth, including due to regulatory-driven requirements, evolving needs for capital formation, technology innovation and systems transformation and the move from active to passive investment. Through the Merger and the consequent combination of knowhow and reputation, innovation, product range and sales and distribution capability, the Combined Group will be in an improved position to compete strongly in these growth markets.

The Combined Group will have the ambition and capability (including global reach, brand strength, financial resources and superior customer centric operating model) to identify and capitalise on the unique growth opportunities across the financial markets infrastructure sector that can offer a superior and distinctive return to shareholders.

The assessment and quantification of synergies has been informed by both companies' deep industry and customer expertise, as well as their strong track records of driving incremental shareholder value from complex transaction integrations and delivering announced synergies on schedule to complement core business growth.

Cost Synergies

HoldCo and the Boards, having reviewed and analysed the potential benefits of the Merger, believe that the Combined Group will be able to achieve incremental recurring pre-tax cost synergies of approximately €450 million per annum in year three post Completion which are reported on under the City Code as set out in Appendix 2 of the Scheme Document. These synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger.

These cost synergies are split between and would be realised principally from:

(a) technology enabled efficiencies, accounting for approximately 50 per cent. of the identified cost synergies:

- harmonisation of trading and post trade platforms based on best of breed technology in the Combined Group
- reduction of project spending in optimised IT infrastructure

- removing duplication of central IT functions

(b) corporate centre, accounting for approximately 30 per cent. of the identified cost synergies:

- removing duplication and streamlining of governance
- harmonisation of support, service functions and corporate systems
- reduction of professional fees

(c) business segment optimisation, accounting for approximately 20 per cent. of the identified cost synergies:

- optimisation of customer-facing organisations
- scale efficiencies within each common asset class
- integration of Index businesses

HoldCo and the Boards expect that the impact of synergy realisation would be distributed in a balanced manner across LSEG and the Deutsche Börse Group.

The total anticipated cost synergies of €450 million per annum are equivalent to approximately 20 per cent. of the Combined Group's 2015 pro forma adjusted operating expenses (before amortisation of purchased intangible assets and non-recurring items) from continuing operations of €2.2 billion.

HoldCo and the Boards expect that synergy and saving realisation will take place progressively, whereby approximately 50 per cent. of the total cost synergies will be phased in year one following Completion, rising to 75 per cent. effective in year two and 100 per cent. in year three following Completion.

HoldCo and the Boards expect that realisation of these cost synergies and savings would result in non-recurring costs of approximately €600 million by the end of year two following Completion. The phasing will be assessed further and refined as part of the detailed integration planning in due course.

These anticipated cost synergies identified reflect both the beneficial element and relevant costs.

Revenue Synergies

HoldCo and the Boards believe that the Combined Group will be able to achieve incremental recurring pre-tax gross revenue synergies of at least €250 million per annum in year five post Completion which are reported on under the City Code as set out in Appendix 2 of the Scheme Document.

HoldCo and the Boards expect that the quantified revenue synergies will be realised progressively, whereby approximately two-thirds of the total synergies (approximately €160 million) would be achieved in year three following Completion, and 100 per cent. achieved in year five following Completion.

This revenue growth will be generated across multiple areas and geographies, including:

- Building on the commercial expertise, IP, complementary geographic footprints and distribution networks of the Combined Group's index and information services business, including FTSE Russell and STOXX, to cross-sell products and align commercial strategies, accounting for approximately 25 per cent. of the quantified revenue synergies;
- Harnessing the benefits of the Combined Group's multiple CCP operations to further develop trading and clearing products in the FICC segment and equity benchmarks, accounting for approximately 25 per cent. of the quantified revenue synergies;
- Creating an enhanced product range and expanding sales across reference data, regulatory reporting and technology related services to the companies' complementary client bases, accounting for approximately 20 per cent. of the quantified revenue synergies;
- Developing enhanced offerings in equity and debt capital formation for listed and pre-IPO companies and trading participants, including the creation of a liquidity bridge for access to markets across the Combined Group, accounting for approximately 15 per cent. of the quantified revenue synergies; and
- Enhancing growth in custody, settlement and collateral management services across a broader customer base within complementary geographies, accounting for approximately 15 per cent. of the quantified revenue synergies.

The synergy assumptions have been risk adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

The total quantified revenue synergies of at least €250 million per annum are equivalent to 5.2 per cent. of the Combined Group's pro forma total income from continuing operations for the 12 months ended 31 December 2015 of approximately €4.8 billion.

These anticipated revenue synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger.

HoldCo and the Boards expect the realisation of these revenue synergies to result in non-recurring costs of approximately €100 million. These costs are expected to be incurred in a phased manner over the first two years following Completion.

HoldCo and the Boards expect that the quantified revenue synergies will be delivered with an aggregate recurring contribution margin of approximately 85 per cent. The level of recurring contribution margin is driven by the Combined Group's ability to utilise existing resources and capabilities across its businesses in delivering the revenue synergies.

HoldCo and the Boards expect to further assess and refine the costs and phasing associated with the revenue synergies as part of the detailed integration planning in due course.

These anticipated revenue synergies identified reflect both the beneficial element and relevant costs.

Significant additional revenue growth opportunities possible

In addition to the quantified revenue synergies described above in the Quantifiable Financial Benefits Statement, the Boards are confident of realising significant further value through the delivery of incremental revenue synergies and growth that cannot be quantified for reporting under the City Code at this time. These include:

- Providing an enhanced trading and clearing product and service offering by unlocking the customer benefits arising from portfolio margining services. This service will improve the competitive positioning of the Combined Group in a €6 billion plus global industry revenue pool for derivatives trading and clearing;
- Developing customer centric offerings in high growth areas designed to support industry needs for greater efficiency and transparency across the investment, trading and risk and balance sheet management life cycle, including workflow processing, data services and analytics. The global industry revenue pool for post trade data and analytics is estimated at €23 billion to €27 billion; and
- Enhancing the Combined Group's global footprint in North America and Asia, strengthening its reach and distribution in these key markets. The Combined Group will offer superior and differentiated products to customers; positioning the Combined Group as the partner of choice for infrastructure operators, investors and issuers. By 2020, North America and Asia are expected to represent 25 per cent. and 31 per cent. of global nominal GDP, as well as 49 per cent. and 16 per cent. of global assets under management respectively.

Further information on the bases of belief supporting the Quantifiable Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.

Bases of belief for the Quantified Financial Benefits Statement

Following initial discussions regarding the Merger, synergy development teams were established at LSEG plc and Deutsche Börse AG to evaluate and assess the potential synergies available from the Merger.

The teams, which comprise senior strategy, financial and business personnel at LSEG plc and Deutsche Börse AG, have worked to identify and quantify potential synergies as well as estimate any associated costs. The teams have engaged with the relevant functional heads and other personnel at LSEG plc and Deutsche Börse AG to provide input into the development process and to agree on the nature and quantum of the identified synergy initiatives.

In preparing the Quantified Financial Benefits Statement, both LSEG plc and Deutsche Börse AG have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Merger. In circumstances where data has been limited for commercial or other reasons, the teams have made estimates and assumptions to aid the development of individual synergy initiatives.

The bases used for the quantified exercises are the LSEG plc cost base and total income contained in the LSEG plc Annual Report for the year ended 31 December 2015 combined with the Deutsche Börse AG cost base and total revenue contained in the Deutsche Börse AG Annual Report for the year ended 31 December 2015.

In arriving at the estimate of synergies set out in this document, the Boards made the following operational assumptions:

- the Combined Group will converge to best of breed systems and technologies guided by a 'one process, one system' principle;
- policies and procedures will be harmonised according to best practices at LSEG plc and Deutsche Börse AG;
- the Combined Group will, wherever possible, utilise existing resource and capabilities within LSEG plc and Deutsche Börse AG to deliver the revenue synergies; and
- the relative quantum and nature of one-off implementation costs will be similar to those costs incurred in past experience within LSEG plc and Deutsche Börse AG.

The Boards have also assumed that HoldCo will own 100 per cent. of the ordinary share capitals of LSEG plc and Deutsche Börse AG.

The Boards have, in addition, made the following assumptions, all of which are outside the influence of the Boards:

- there will be no material impact on the underlying operations of either company or their ability to continue to conduct their businesses;
- there will be no material change to macroeconomic, political, regulatory or legal conditions in the markets or regions in which LSEG plc and Deutsche Börse AG operate that materially impact on the implementation or costs to achieve the proposed cost and revenue synergies;
- there will be no material change in current foreign exchange rates; and
- there will be no change in tax legislation or tax rates or other legislation or regulation in the countries in which LSEG plc and Deutsche Börse AG operate that could materially impact the ability to achieve any benefits.

Based on the analysis done to date and the facts known at the time of this document, the Boards do not expect material dis-synergies to arise as a direct result of the Merger.

The assessment and quantification of the potential synergies have in turn been informed by both the LSEG Board and the Deutsche Börse Management Board's combined industry experience as well as their experience of executing and integrating past acquisitions.

Notes:

(1) The statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

(2) Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

(3) No statement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following implementation of the Merger, or in any subsequent period, would necessarily match or be greater than or be less than those of LSEG plc and / or Deutsche Börse AG for the relevant preceding financial period or any other period.

ANNEX 3—DEUTSCHE BÖRSE CONDITIONS

The Exchange Offer and the Scheme are interconditional. As a result the Merger will only take place if both the Exchange Offer and the Scheme are completed by HoldCo ("**Interconditionality**"). The Interconditionality is achieved by making both the Exchange Offer and the Scheme dependent on the same conditions, or conditions that are functionally equivalent, as the case may be. In particular, the Exchange Offer is subject to the condition that the Scheme is court-approved, and the Scheme is subject to the condition that the Exchange Offer Acceptance Condition has been satisfied.

Deutsche Börse Conditions

The Exchange Offer and the agreements with the Deutsche Börse Shareholders which are concluded by accepting the Exchange Offer will only be closed if the following requirements (the "**Deutsche Börse Conditions**") have been satisfied or validly waived by HoldCo before the failure of the respective Deutsche Börse Condition up to one working day (Werktag) prior to the expiration of the Acceptance Period:

A. Conditions applying until the end of the Acceptance Period

1 Exchange Offer Acceptance Condition

At the time of expiration of the Acceptance Period, the sum of the total number of Deutsche Börse Shares in relation to which the Exchange Offer has been accepted and withdrawal has not been validly declared and the total number of Deutsche Börse Shares that HoldCo already holds or has acquired, equals at least 75 per cent. of the sum of the Deutsche Börse Shares existing as at the end of the Acceptance Period minus 6,276,014 Deutsche Börse Shares held by Deutsche Börse AG at the time of the publication of the Exchange Offer Document.

2 No insolvency of Deutsche Börse AG or LSEG plc or similar proceedings / no conflicting sovereign legal acts

At the time of expiration of the Acceptance Period:

(i) each of the following Deutsche Börse Conditions 2(i)(a) to 2(i)(d) having been satisfied:

(a) No insolvency of Deutsche Börse AG

(aa) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that insolvency proceedings have been opened against the assets of Deutsche Börse AG or that the Deutsche Börse Management Board has petitioned for the opening of such proceedings or that there is a reason that would require the filing of a petition for the opening of insolvency; or

(bb) to the extent that Deutsche Börse AG has published such an announcement, a Panel Statement relating to the circumstances described in (aa) above having been published;

(b) No insolvency of LSEG plc or similar proceedings concerning LSEG plc

(aa) LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that it has had any legal proceedings instituted against it in relation to the suspension of payments, a moratorium of indebtedness, or for the appointment of any liquidator, administrator or receiver; or

(bb) where such announcement has been published by LSEG plc, a Panel Statement relating to the circumstances described in (aa) above having been published;

(c) No conflicting sovereign legal acts relating to Deutsche Börse AG

(aa) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive, administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the Exchange Offer (each, a "**Relevant Deutsche Börse Event**"); or

(bb) where a Relevant Deutsche Börse Event has occurred, a Panel Statement relating to the circumstances described in (aa) above having been published;

(d) No conflicting sovereign legal acts relating to LSEG plc

(aa) LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive, administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the LSEG Acquisition (each, a "**Relevant LSEG Event**"); or

(bb) where a Relevant LSEG Event has occurred, a Panel Statement relating to the circumstances described in (aa) above having been published;

3 LSEG Shareholder Approval

At the time of the expiration of the Acceptance Period:

(i) the Scheme having been approved at the Court Meeting by a simple majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing three quarters or more in value of the Scheme Shares held by those Scheme Shareholders;

(ii) all resolutions of the LSEG General Meeting in connection with or required to approve and implement the Scheme and Merger as set out in the notice of the LSEG General Meeting (including, without limitation, the Special Resolution) having been duly passed by the requisite majority at the LSEG General Meeting; and

4 No Scheme lapse

Prior to the expiration of the Acceptance Period, the Scheme not having lapsed as a result of the European Commission either initiating proceedings under Article 6(1)(c) of the Council Regulation (EC) No 139/2004 (the "**Merger Regulation**") or making a referral to a competent authority of the United Kingdom under Article 9(1) of the Merger Regulation resulting in a reference to the chair of the UK Competition and Markets Authority for the constitution of a group under Schedule 4 to the UK Enterprise and Regulatory Reform Act 2013 before the Court Meeting or the LSEG General Meeting.

B. Conditions applying after the end of the Acceptance Period

By no later than the expiration of the Long Stop Date, each of the following Deutsche Börse Conditions 1 to 4 will have been satisfied:

1 Scheme Sanction

(i) the Scheme having been sanctioned at the Scheme Court Hearing; and

(ii) an office copy of the Scheme Court Order having been delivered to the Registrar of Companies;

2 Listing

by the Scheme Court Hearing: (i) the FCA having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the HoldCo Shares to the Official List of the FCA with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("**UK Listing Conditions**")) admission will become effective as soon as a dealing notice has been issued by the FCA and any UK Listing Conditions have been satisfied; and (ii) the London Stock Exchange having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the HoldCo Shares will be admitted to trading on the main market of the London Stock Exchange;

3 EC Merger Control

by the Scheme Court Hearing

(i) the European Commission having approved the Merger in accordance with Article 6(1)(b), Article 6(2), Article 8(1) or Article 8(2) of the Merger Regulation, or the Merger being deemed to have been approved in accordance with the Merger Regulation; or

(ii) the European Commission having issued a decision to refer the whole or part of the Merger to the competent authorities of one or more European Union state or EFTA state under Article 9(3) of the Merger Regulation; and

(a) each such authority taking a decision with equivalent effect to that referred to in Condition (3)(i) with respect to those parts of the Merger referred to it; and

(b) the European Commission taking any of the decisions referred to in Condition (3)(i) with respect to any part of the Merger retained by it;

4 Regulation/Non-EC Merger Control

by the Scheme Court Hearing:

(i) each of the following Deutsche Börse Conditions 4(i)(a) to 4(i)(p) is satisfied:

(a) US Merger Control

(aa) (AA) all filings having been made and (BB) all or any applicable waiting periods (including any extensions thereof) under the United States Hart Scott Rodino Antitrust Improvements Act of 1976 and the regulations thereunder having expired, lapsed or been terminated as appropriate in each case in respect of the Merger, or any matters arising from the Merger; or

(bb) where either or both of (AA) and (BB) has not occurred, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(b) Russian Merger Control

(aa) the Russian FAS (the Federal Antimonopoly Service of the Russian Federation) has cleared the Merger or issued a decision stating that no approval is required pursuant to the Competition Law (the Russian Federal Law No. 135-FZ dated 26 July 2006 "On Protection of Competition" (as further amended)); or

(bb) where there is no such clearance or decision, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(c) Financial holding company

(aa) neither the FCA, nor BaFin, nor the ACPR has confirmed in writing that HoldCo will become a financial holding company as defined in Article 4(1)(20) of Regulation (EU) No 575/2013 as result of the Merger; or

(bb) in the case of any such confirmation having been provided, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(d) Deutsche Börse German regulatory conditions

(A)

(aa) BaFin (AA) not having prohibited the intended indirect acquisition of a qualifying holding in Eurex Repo GmbH, Eurex Bonds GmbH and 360 Treasury Systems AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (*Kreditwesengesetz*) whereby the acquisition is deemed to be approved, as well as not having opposed the intended indirect acquisition of a qualifying holding in Eurex Clearing AG and European Commodity Clearing AG in their status as central counterparties ("**CCPs**") within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection or non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition or opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(B)

(aa) the Hessian Exchange Supervisory Authority (AA) not having prohibited the intended (indirect) acquisition of a qualifying holding in Deutsche Börse AG, Börse Frankfurt

Zertifikate AG and Eurex Frankfurt AG within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(C)

(aa) the ECB (AA) not having opposed the intended indirect acquisition of a significant participation in Eurex Clearing AG, Tradegate AG Wertpapierhandelsbank, and Clearstream Banking AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (Kreditwesengesetz) and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(D)

(aa) the Saxonian Exchange Supervisory Authority (AA) not having prohibited the intended indirect acquisition of a qualifying holding in European Energy Exchange AG within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(E)

(aa) the Berlin Exchange Supervisory Authority (AA) not having prohibited the intended indirect acquisition of a qualifying holding in Tradegate Exchange GmbH within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(e) Deutsche Börse Luxembourg regulatory conditions

(A)

(aa) the Luxembourg Supervisory Authority for the Financial Sector (Commission de Surveillance du Secteur Financier—"**CSSF**") having, in accordance with Article 18 of the amended Luxembourg law of 5 April 1993 on the financial sector ("**LFS**"), not prohibited the intended indirect acquisition of Clearstream International S.A., Clearstream Services S.A. and LuxCSD S.A. within the statutory assessment period available to it whereby the acquisition is deemed to be approved; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(B)

(aa) the ECB (AA) not having opposed the intended indirect acquisition of a qualifying holding in Clearstream Banking S.A. within the period available to it pursuant to Article 6 of the amended Luxembourg law of 5 April 1993 on the financial sector ("**LFS**") and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(f) Deutsche Börse Switzerland regulatory condition

(aa) the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") having given notice of its approval in writing or otherwise or being treated as having given its approval under the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, "**FMIA**") dated 19 June 2015, in respect of any increase in or acquisition of control over Eurex Zürich AG, Deutsche Börse AG, Eurex Deutschland, European Energy Exchange AG, Powernext SA, Cleartrade Exchange Pte. Limited, Tradegate Exchange GmbH, Frankfurter Wertpapierbörse—FWB, and Tradegate AG Wertpapierhandelsbank, which would take place as a result of the Deutsche Börse Acquisition becoming effective; or

(bb) where such approval has not been given and is not treated as having been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(g) Deutsche Börse Singapore regulatory condition

(aa) the Monetary Authority of Singapore ("**MAS**") having given approval under Singapore law (including under the Securities and Futures Act of Singapore (Chapter 289)) in respect of the direct or indirect acquisition of shareholding and/or the control of Deutsche Börse Asia Holding Pte. Ltd. and Eurex Clearing Asia Pte. Ltd.; or

(bb) where such approval has not been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(h) Deutsche Börse France regulatory condition

(aa) the French Ministry of Economy (*Ministre chargé de l'économie*) (a) having given approval under article L. 421-9 of the French Monetary and Financial Code (the "**FMF Code**") in respect of the indirect change of control over Powernext SA, and (b) where the French Ministry of Economy has not given notice that its approval to the indirect investment in EPEX SPOT SE is not required, the French Ministry of Economy having granted in writing its corresponding approval under articles L. 151-3 and R. 153-4, or such approval being deemed to have been given by virtue of article R. 153-8 of the FMF Code; or

(bb) where either or both of such approvals have not been granted and are not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(i) Deutsche Börse United States regulatory condition

(aa) the Securities and Exchange Commission, or the Division of Trading and Markets pursuant to delegated authority, having given approval of the proposed rule change of ISE Gemini, LLC, ISE Mercury, LLC and International Securities Exchange, LLC pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder; or

(bb) where there is no such approval, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(j) Deutsche Börse UK regulatory condition

(aa) the FCA having given notice of its approval in writing under Section 189(4) of FSMA or a decision notice under Section 189(7) of FSMA, or the approval is deemed to have been given by virtue of Section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in Sections 181 and 182 of FSMA) over R5FX Ltd, Global Markets Exchange Group Ltd and Digital Vega FX Ltd which would take place as a result of the Deutsche Börse Acquisition becoming effective; or

(bb) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(k) LSEG French regulatory conditions

(A)

(aa) the ECB (AA) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet SA (*Banque Centrale de Compensation S.A.*) in its capacity as a credit institution within the period available to it pursuant to Article L. 511-12-1 of the French Monetary and Financial Code (Code monétaire et financier) as specified by the French CRBF (*Comité de la réglementation bancaire et financière*) Regulation no. 96-16 (as amended) and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(B)

(aa) the ACPR (AA) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet S.A. (*Banque Centrale de Compensation S.A.*) in its capacity as a CCP within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(C)

(aa) where the French Ministry of Economy (*Ministre chargé de l'économie*) has not given notice that its approval to the indirect investment in LCH.Clearnet S.A. is not required, the French Ministry of Economy (*Ministre chargé de l'économie*) having given its approval under Articles L. 151-3 and R. 153-4 of the French Monetary and Financial Code (*Code monétaire et financier*), or been deemed to have given its approval, in respect of the indirect change in control of LCH.Clearnet SA (*Banque Centrale de Compensation S.A.*); or

(bb) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(l) LSEG Italian regulatory conditions

(A)

(aa) the Banca d'Italia (AA) not having opposed the intended indirect acquisition of a qualifying holding in Cassa di Compensazione e Garanzia SpA within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(B)

(aa) the Banca d'Italia having given notice of its approval in writing as provided under Article 15 of the Financial Law Consolidated Act (*Decreto Legislativo 24 febbraio 1998, n. 58—Testo unico delle disposizioni in materia di intermediazione finanziaria*), as implemented by the Regulations of the Banca d'Italia of 4 August 2000 as amended or supplemented by the provisions of Articles 4, 10 and 10(a) of Directive 2004/39/EC and Directive 2007/44/EC, or such approval is deemed to have been given in respect of the acquisition of a qualified holding in Euro TLX SIM S.p.A; or

(bb) where there is no such approval and no such approval is deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(m) LSEG Norwegian regulatory condition

(aa) the Financial Supervisory Authority of Norway (Finanstilsynet) having not objected to the change in control of LCH.Clearnet Ltd under the Norwegian Securities Trading Act (*Lov om verdipapirhandel*) Section 13-1 and Section 9-10 (or such objection being deemed not to have been made whereby the change in control is deemed to be approved); or

(bb) where there is such objection or the change in control is not deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(n) LSEG UK regulatory conditions

(A)

(aa) the FCA having given notice of its approval in writing under section 301G(3)(a) of FSMA or such approval is deemed to have been given by virtue of section 301G(4) of FSMA, in respect of any increase in or acquisition of control (as defined in section 301D of FSMA) over London Stock Exchange plc which would take place as a result of the LSEG Acquisition becoming effective; or

(bb) where there is no such approval (and no such approval is deemed to have been given), a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(B)

(aa) the FCA having given notice of its approval in writing under section 189(4) of FSMA or a decision notice under section 189(7) of FSMA, or the approval is deemed to have been given by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over EuroMTS Ltd and Turquoise Global Holdings Ltd which would take place as a result of the LSEG Acquisition becoming effective; or

(bb) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(C)

(aa) the Bank of England ("**BoE**") not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet Ltd which would take place as a result of the LSEG Acquisition becoming effective, within the period available to it pursuant to Art. 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(o) LSEG US regulatory condition

(aa) the Commodity Futures Trading Commission not having responded to a notice disclosing the anticipated changes in ownership given pursuant to 17 C.F.R. § 39.19(c)(4)(viii) in respect of LCH.Clearnet LLC, LCH.Clearnet Ltd or LCH.Clearnet SA by issuing an order, notice or other communication that removes, restricts or makes material changes to that entity's authorisation; or

(bb) where such objection notice has been issued, a Panel Statement in relation to the circumstances set out under (aa) having been published; and

(p) LSEG Switzerland regulatory condition

(aa) FINMA having given notice of its approval in writing or by other means or such approval or consent is deemed to have been given under the Financial Market Infrastructure Act (Ordonnance sur l'infrastructure des marches financiers/ Finanzmarktinfrastrukturgesetz/ Legge sull'infrastruttura finanziaria) ("**FMIA**") dated 19 June 2015, in respect of any increase in or acquisition of control over Borsa Italiana SpA; or

(bb) where no such approval has been given and no such approval is deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) having been published.

C. Non-fulfilment of Deutsche Börse Conditions

If one of the Deutsche Börse Conditions has not been satisfied and HoldCo has not validly waived the relevant Deutsche Börse Condition in accordance with Sec. 21 para. 1 sent. 1 no. 4 WpÜG up until one working day prior to expiration of the Acceptance Period, and before the non-fulfilment of said Deutsche Börse Condition, the Exchange Offer will lapse.

In this case, the agreements entered into by virtue of the acceptance of the Exchange Offer will not be consummated and will cease to exist (condition subsequent). For the avoidance of doubt, it is hereby stated that if a Panel Statement is published, HoldCo will treat the relevant Deutsche Börse Condition(s) to the Exchange Offer as having been satisfied or fulfilled.

ANNEX 4—LSEG CONDITIONS AND CERTAIN FURTHER TERMS

Part A: Conditions of the Scheme and the LSEG Acquisition

The LSEG Acquisition is subject to the Scheme becoming effective, subject to the City Code, by not later than 30 June 2017 and all other LSEG Conditions having been satisfied or waived by the time of the Scheme Court Hearing.

Scheme approval

1 The Scheme is subject to the following conditions:

(i) by the expiration of the Acceptance Period, the Scheme having been approved at the Court Meeting by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders;

(ii) by the expiration of the Acceptance Period, all resolutions of the LSEG General Meeting in connection with or required to approve and implement the Scheme and Merger as set out in the notice of the LSEG General Meeting (including, without limitation, the Special Resolution) having been duly passed by the requisite majority at the LSEG General Meeting at the time of expiration of the Acceptance Period;

(iii) by the expiration of the Long Stop Date:

(a) the Scheme having been sanctioned at the Scheme Court Hearing; and

(b) an office copy of the Scheme Court Order having been delivered to the Registrar of Companies.

In addition, subject as stated below and subject to the requirements of the Panel, the LSEG Acquisition is subject to the following Conditions 2 to 22 which, unless stipulated otherwise, must be satisfied by no later than the Scheme Court Hearing and accordingly a copy of the Scheme Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

2 Exchange Offer Acceptance Condition

at the time of expiration of the Acceptance Period, the sum of the total number of Deutsche Börse Shares in relation to which the Exchange Offer has been accepted and withdrawal has not been validly declared and the total number of Deutsche Börse Shares that HoldCo already holds or has acquired, equals at least 75 per cent. of the sum of the Deutsche Börse Shares existing as of the end of the Acceptance Period minus 6,276,014 Deutsche Börse Shares held by Deutsche Börse AG at the time of the publication of the Exchange Offer Document;

3 Listing

by the Scheme Court Hearing (i) the FCA having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the HoldCo Shares to the Official List of the FCA with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("**UK Listing Conditions**")) admission will become effective as soon as a dealing notice has been issued by the FCA and any UK Listing Conditions have been satisfied; and (ii) the London Stock Exchange having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the HoldCo Shares will be admitted to trading on the main market of the London Stock Exchange;

4 EC Merger Control

by the Scheme Court Hearing:

(i) the European Commission having approved the Merger in accordance with Article 6(1)(b), Article 6(2), Article 8(1) or Article 8(2) of the Merger Regulation, or the Merger being deemed to have been approved in accordance with the Merger Regulation; or

(ii) the European Commission having issued a decision to refer the whole or part of the Merger to the competent authorities of one or more European Union or EFTA state under Article 9(3) of the Merger Regulation; and

(a) each such authority taking a decision with equivalent effect to that referred to in Condition 4(i) with respect to those parts of the Merger referred to it; and

(b) the European Commission taking any of the decisions referred to in Condition 4(i) with respect to any part of the Merger retained by it;

5 US Merger Control

(i) by the Scheme Court Hearing (a) all filings having been made and (b) all or any applicable waiting periods (including any extensions thereof) under the United States Hart Scott Rodino Antitrust Improvements Act of 1976 and the regulations thereunder having expired, lapsed or been terminated as appropriate in each case in respect of the Merger, or any matters arising from the Merger; or

(ii) where either or both of (a) and (b) has not occurred, a Panel Statement relating to the circumstances described in (i) above having been published;

6 No insolvency of Deutsche Börse AG or LSEG plc or similar proceedings / no conflicting sovereign legal acts

During the period from the date of the Announcement until the end of the Acceptance Period:

(i) No insolvency of Deutsche Börse AG

(aa) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that insolvency proceedings under German law have been opened against the assets of Deutsche Börse AG or that the Deutsche Börse Management Board has petitioned for the opening of such proceedings or that there is a reason that would require the opening of such insolvency; or

(bb) where such announcement has been published by Deutsche Börse AG, a Panel Statement relating to the circumstances described in (aa) above having been published;

(ii) No insolvency of LSEG plc

(aa) LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that it has had any legal proceedings instituted against it in relation to the suspension of payments, a moratorium of indebtedness or for the appointment of any liquidator, administrator or receiver; or

(bb) where such announcement has been published by LSEG plc, a Panel Statement relating to the circumstances described in (aa) above having been published;

(iii) No conflicting sovereign legal acts relating to Deutsche Börse AG

(aa) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive, administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the Exchange Offer (each, a "**Relevant Deutsche Börse Event**"); or

(bb) where a Relevant Deutsche Börse Event has occurred, a Panel Statement relating to the circumstances described in (aa) above having been published;

(iv) No conflicting sovereign legal acts relating to LSEG plc

(aa) LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive, administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the LSEG Acquisition (each, a "**Relevant LSEG Event**"); or

(bb) where a Relevant LSEG Event has occurred, a Panel Statement relating to the circumstances described in (aa) above having been published;

7 Russian Merger Control

(i) the Russian FAS (the Federal Antimonopoly Service of the Russian Federation) has cleared the Merger or issued a decision stating that no approval is required pursuant to the Competition Law (the Russian Federal Law No. 135-FZ dated 26 July 2006 "On Protection of Competition" (as further amended)); or

(ii) where there is no such clearance or decision, a Panel Statement relating to the circumstances described in (i) above having been published;

8 No Scheme lapse

by the time of the expiration of the Acceptance Period, the Scheme not having lapsed as a result of the European Commission either initiating proceedings under Article 6(1)(c) of the Merger Regulation or making a referral to a competent authority of the United Kingdom under Article 9(1) of the Merger Regulation resulting in a reference to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 before the Court Meeting or the LSEG General Meeting;

9 Financial holding company

(i) by the Scheme Court Hearing, none of the FCA, BaFin, and ACPR has confirmed in writing that HoldCo will become a financial holding company as defined in Article 4(1)(20) of Regulation (EU) No 575/2013 as a result of the Merger; or

(ii) in the case of any such confirmation having been provided, a Panel Statement relating to the circumstances described in (i) above having been published;

10 Deutsche Börse German regulatory conditions

(i)

(a) BaFin (aa) not having prohibited the intended indirect acquisition of a qualifying holding in Eurex Repo GmbH, Eurex Bonds GmbH and 360 Treasury Systems AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (Kreditwesengesetz) whereby the acquisition is deemed to be approved, as well as not having opposed the intended indirect acquisition of a qualifying holding in Eurex Clearing AG and European Commodity Clearing AG in their status as central counterparties ("**CCPs**") within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved or (bb) having issued a corresponding decision of non-objection or non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such prohibition or opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(ii)

(a) the Hessian Exchange Supervisory Authority (aa) not having prohibited the intended (indirect) acquisition of a qualifying holding in Deutsche Börse AG, Börse Frankfurt Zertifikate AG and Eurex Frankfurt AG within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(iii)

(a) the ECB (aa) not having opposed the intended indirect acquisition of a significant participation in Eurex Clearing AG, Tradegate AG Wertpapierhandelsbank, and Clearstream Banking AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (Kreditwesengesetz) and Article 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(iv)

(a) the Saxonian Exchange Supervisory Authority (aa) not having prohibited the intended indirect acquisition of a qualifying holding in European Energy Exchange AG within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(v)

(a) the Berlin Exchange Supervisory Authority (aa) not having prohibited the intended indirect acquisition of a qualifying holding in Tradegate Exchange GmbH within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

11 Deutsche Börse Luxembourg regulatory conditions

(i)

(a) the Luxembourg Supervisory Authority for the Financial Sector (Commission de Surveillance du Secteur Financier—"**CSSF**") having, in accordance with Article 18 of the amended Luxembourg law of 5 April 1993 on the financial sector ("**LFS**"), not prohibited the intended indirect acquisition of Clearstream International S.A., Clearstream Services S.A. and LuxCSD S.A. within the statutory assessment period available to it whereby the acquisition is deemed to be approved; or

(b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(ii)

(a) the ECB (aa) not having opposed the intended indirect acquisition of a qualifying holding in Clearstream Banking S.A. within the period available to it pursuant to Article 6 of the amended Luxembourg law of 5 April 1993 on the financial sector ("**LFS**"), and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

12 Deutsche Börse Switzerland regulatory condition

(i) the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") having given notice of its approval in writing or otherwise or being treated as having given its approval under the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, "**FMIA**") dated 19 June 2015, in respect of any increase in or acquisition of control over Eurex Zürich AG, Deutsche Börse AG, Eurex Deutschland, European

Energy Exchange AG, Powernext SA, Cleartrade Exchange Pte. Limited, Tradegate Exchange GmbH, Frankfurter Wertpapierbörse—FWB, and Tradegate AG Wertpapierhandelsbank, which would take place as a result of the Deutsche Börse Acquisition becoming effective; or

(ii) where such approval has not been given and is not treated as having been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

13 Deutsche Börse Singapore regulatory condition

(i) the Monetary Authority of Singapore ("**MAS**") having given approval under Singapore law (including under the Securities and Futures Act of Singapore (Chapter 289)) in respect of the direct or indirect acquisition of shareholding and/or the control of Deutsche Börse Asia Holding Pte. Ltd. and Eurex Clearing Asia Pte. Ltd; or

(ii) where such approval has not been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

14 Deutsche Börse France regulatory condition

(i) the French Ministry of Economy (*Ministre chargé de l'économie*) (a) having given approval under article L. 421-9 of the French Monetary and Financial Code (the "**FMF Code**") in respect of the indirect change of control over Powernext SA, and (b) where the French Ministry of Economy has not given notice that its approval to the indirect investment in EPEX SPOT SE is not required, the French Ministry of Economy having granted in writing its approval under articles L. 151-3 and R. 153-4, or being deemed to have been given such approval by virtue of article R. 153-8 of the FMF Code; or

(ii) where either or both of such approvals have not been granted and are not deemed to have been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

15 Deutsche Börse United States regulatory condition

(i) the Securities and Exchange Commission, or the Division of Trading and Markets pursuant to delegated authority, having given approval of the proposed rule change of ISE Gemini, LLC, ISE Mercury, LLC and International Securities Exchange, LLC pursuant to Section 19(b)(1) of the U.S. Exchange Act and Rule 19b-4 thereunder; or

(ii) where there is no such approval, a Panel Statement in relation to the circumstances set out under (i) above having been published;

16 Deutsche Börse UK regulatory condition

(i) the FCA having given notice of its approval in writing under section 189(4) of FSMA or a decision notice under section 189(7) of FSMA, or the approval is deemed to have been given by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over R5FX Ltd, Global Markets Exchange Group Ltd and Digital Vega FX Ltd which would take place as a result of the Deutsche Börse Acquisition becoming effective; or

(ii) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

17 LSEG French regulatory conditions

(i)

(a) the ECB (aa) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet SA *(Banque Centrale de Compensation S.A.)* in its capacity as a credit institution within the period available to it pursuant to Article L. 511-12-1 of the French Monetary and Financial Code (*Code monétaire et financier*) as specified by the French CRBF (*Comité de la réglementation bancaire et financière*) Regulation no. 96-16 (as amended) and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(ii)

(a) the ACPR (aa) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet SA (*Banque Centrale de Compensation S.A.*) in its capacity as a CCP within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(iii)

(a) where the French Ministry of Economy (*Ministre chargé de l'économie*) has not given notice that its approval to the indirect investment in LCH.Clearnet S.A. is not required, the French Ministry of Economy (*Ministre chargé de l'économie*) having given its approval under Articles L. 151-3 and R. 153-4 of the French Monetary and Financial Code (*Code monétaire et financier*), or been deemed to have given its approval, in respect of the indirect change in control of LCH.Clearnet S.A. *(Banque Centrale de Compensation S.A.)*; or

(b) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (a) above having been published;

18 LSEG Italian regulatory conditions

(i)

(a) the Banca d'Italia (aa) not having opposed the intended indirect acquisition of a qualifying holding in Cassa di Compensazione e Garanzia SpA within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(ii)

(a) the Banca d'Italia having given notice of its approval in writing as provided under Article 15 of the Financial Law Consolidated Act (*Decreto Legislativo 24 febbraio 1998, n. 58—Testo unico delle disposizioni in materia di intermediazione finanziaria*), as implemented by the Regulations of the Banca d'Italia of 4 August 2000 as amended or supplemented by the provisions of Articles 4, 10 and 10(a) of Directive 2004/39/EC and Directive 2007/44/EC, or such approval is deemed to have been given in respect of the acquisition of a qualified holding in Euro TLX SIM S.p.A; or

(b) where there is no such approval and no such approval is deemed to have been given, a Panel Statement in relation to the circumstances set out under (a) above having been published;

19 LSEG Norwegian regulatory condition

(i) the Financial Supervisory Authority of Norway ("**Finanstilsynet**") having not objected to the change in control of LCH.Clearnet Ltd under the Norwegian Securities Trading Act (*Lov om verdipapirhandel*) Section 13-1 and Section 9-10 (or such objection being deemed not to have been made whereby the change in control is deemed to be approved); or

(ii) where there is such objection or the change in control is not deemed to be approved, a Panel Statement in relation to the circumstances set out under (i) above having been published;

20 LSEG UK regulatory conditions

(i)

(a) the FCA having given notice of its approval in writing under section 301G(3)(a) of FSMA or such approval is deemed to have been given by virtue of section 301G(4) of FSMA, in respect of any increase in or acquisition of control (as defined in section 301D of FSMA) over London Stock Exchange plc which would take place as a result of the LSEG Acquisition becoming effective; or

(b) where there is no such approval (and no such approval is deemed to have been given), a Panel Statement in relation to the circumstances set out under (a) above having been published;

(ii)

(a) the FCA having given notice of its approval in writing under section 189(4) of FSMA or a decision notice under section 189(7) of FSMA, or the approval is deemed to have been given by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over EuroMTS Ltd and Turquoise Global Holdings Ltd which would take place as a result of the LSEG Acquisition becoming effective; or

(b) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (a) above having been published;

(iii)

(a) the Bank of England ("**BoE**") not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet Ltd which would take place as a result of the LSEG Acquisition becoming effective, within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

21 LSEG US regulatory condition

(i) the Commodity Futures Trading Commission not having responded to a notice disclosing the anticipated changes in ownership given pursuant to 17 C.F.R. § 39.19(c)(4)(viii) in respect of LCH.Clearnet LLC, LCH.Clearnet Ltd. or LCH.Clearnet SA by issuing an order, notice or other communication that removes, restricts or makes material changes to that entity's authorisation; or

(ii) where such objection notice has been issued, a Panel Statement in relation to the circumstances set out under (i) having been published; and

22 LSEG Switzerland regulatory condition

(i) FINMA having given notice of its approval in writing or by other means according to the practice of FINMA or such approval or consent is deemed to have been given under the Financial Market Infrastructure Act (*Ordonnance sur l'infrastructure des marches financiers/ Finanzmarktinfrastrukturgesetz/ Legge sull'infrastruttura finanziaria*) ("**FMIA**") dated 19 June 2015, in respect of any increase in or acquisition of control over Borsa Italiana SpA; or

(ii) where no such approval or consent has been given and no such approval or consent is deemed to have been given, a Panel Statement in relation to the circumstances set out under (i) having been published.

Part B: Waiver and Invocation of the Conditions

Subject to the requirements of the Panel, HoldCo reserves the right to waive in whole or in part, all or any of the above LSEG Conditions 2 to 22 (inclusive).

The Scheme shall lapse (unless otherwise agreed with the Panel) if the European Commission either initiates proceedings under Article 6(1)(c) of the Merger Regulation or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the Merger Regulation and there is then a reference to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 before the Court Meeting or the LSEG General Meeting.

Each of the LSEG Conditions will be regarded as a separate LSEG Condition and will not be limited by reference to any other LSEG Condition.

If a Panel Statement is published, HoldCo will treat the relevant LSEG Condition(s) to the LSEG Acquisition as having been satisfied or fulfilled.

Part C: Implementation by way of Takeover Offer

HoldCo reserves the right to elect, with the consent of the Panel and LSEG plc and otherwise subject to and in accordance with the Co-operation Agreement, to implement the LSEG Acquisition by way of a Takeover Offer by HoldCo for the entire issued and to be issued share capital of LSEG plc as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme.

Part D: Certain further terms of the LSEG Acquisition

LSEG Shares will be acquired by HoldCo fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at the Effective Date or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the Effective Date (but excluding, for the avoidance of doubt, the Permitted LSEG Dividends as described below).

Except in the circumstances described in the following paragraph, HoldCo, and no other entity, will be the offeror for the purposes of the LSEG Acquisition and the Merger will only be capable of implementation with HoldCo as the offeror for the purposes of both the LSEG Acquisition and the Exchange Offer.

If a third party announces a firm intention to make an offer for the issued and to be issued ordinary share capital of LSEG plc which is recommended by the directors of LSEG plc, or the board of directors of LSEG plc withdraws its unanimous recommendation of the LSEG Acquisition, Deutsche Börse AG reserves the right to elect, with the consent of the Panel and otherwise subject to and, if then in force, in accordance with the Co-operation Agreement, to implement the LSEG Acquisition by way of a Takeover Offer by Deutsche Börse AG for the entire issued and to be issued share capital of LSEG plc as an alternative to the Scheme.

Under the terms of the Merger, LSEG plc and Deutsche Börse AG have agreed that:

(i) LSEG Shareholders will be entitled to receive dividends of:

    (a) 25.2 pence per LSEG Share for the six month period ended 31 December 2015, scheduled to be paid on 1 June 2016; and

    (b) 12.0 pence per LSEG Share in respect of the six month period ending 30 June 2016 in line with LSEG plc's existing dividend policy, scheduled to be paid in September 2016,

    each dividend that is permissible under these criteria being a "**Permitted LSEG Dividend**" and together the "**Permitted LSEG Dividends**"; and

(ii) Deutsche Börse Shareholders will be entitled to receive a dividend of EUR2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015, paid on 12 May 2016 (the "**Permitted Deutsche Börse Dividend**");

(iii) for the avoidance of doubt, if Completion occurs after the announcement or declaration of any dividend permissible under these criteria, but before its payment date, the relevant shareholders will not be entitled to receive such dividend; and

(iv) if either party announces, declares, makes or pays any dividend or other distribution on or after the date of the Announcement and prior to Completion, other than:

(a) a Permitted LSEG Dividend, or in excess of the Permitted LSEG Dividends, HoldCo reserves the right to reduce the LSEG Exchange Ratio so as to reflect the value attributable to any such dividend or such excess; and

(b) the Permitted Deutsche Börse Dividend, or in excess of the Permitted Deutsche Börse Dividend, LSEG plc shall be entitled to declare and pay an equalising dividend to LSEG Shareholders so as to reflect the value attributable to any such dividend or such excess adjusted by multiplying by the sum of 45.6 divided by 54.4 to reflect the pro rata share of the Combined Group that LSEG plc, Deutsche Börse AG and HoldCo expect LSEG Shareholders to hold at Completion, without any consequential change to the LSEG Exchange Ratio.

The LSEG Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

The LSEG Acquisition is governed by the law of England and Wales and is subject to the jurisdiction of the English courts and to the LSEG Conditions and further terms set out in this Annex 4. The LSEG Acquisition will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange, the FCA and the UK Listing Authority.

The HoldCo Shares will be issued credited as fully paid.

ANNEX 5—DEUTSCHE BÖRSE AG HISTORICAL FINANCIAL INFORMATION

This Annex 5 contains the following historical financial information relating to Deutsche Börse AG

1. Unaudited condensed consolidated financial statements of the Deutsche Börse Group for the three month period ended 31 March 2016
2. Audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2015 and auditor's report thereon
3. Audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2014 and auditor's report thereon
4. Audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2013 and auditor's report thereon

Consolidated profit and loss account

Excluding divestment of International Securities Exchange (ISE)

for the period 1 January to 31 March 2016

	Quarter ended 31 Mar 2016	Quarter ended 31 Mar 2015
	€m	€m
Sales revenue	739.4	679.8
Net interest income from banking business	18.6	8.4
Other operating income	4.6	5.2
Total revenue	**762.6**	**693.4**
Volume-related costs	−114.1	−93.3
Net revenue (total revenue less volume-related costs)	**648.5**	**600.1**
Staff costs	−153.0	−135.0
Depreciation, amortisation and impairment losses	−35.3	−34.1
Other operating expenses	−151.8	−123.9
Operating costs	**−340.1**	**−293.0**
Result from equity investments	2.2	5.2
Earnings before interest and tax (EBIT)	**310.6**	**312.3**
Financial income	0.4	19.4
Financial expense	−20.4	−13.7
Earnings before tax (EBT)	**290.6**	**318.0**
Other tax	−0.4	−0.4
Income tax expense	−78.1	−82.1
Net profit for the period	**212.1**	**235.5**
Net profit for the period attributable to Deutsche Börse AG shareholders	205.4	222.3
Net profit for the period attributable to non-controlling interests	6.7	13.2
Earnings per share (basic) (€)	1.10	1.21
Earnings per share (diluted) (€)	1.10	1.21

Consolidated income statement

Taking into account ISE as discontinued operation

for the period 1 January to 31 March 2016

	Quarter ended 31 Mar 2016	(restated) Quarter ended 31 Mar 2015
	€m	€m
Sales revenue	658.4	617.7
Net interest income from banking business	18.6	8.4
Other operating income	4.6	5.2
Total revenue	**681.6**	**631.3**
Volume-related costs	−71.1	−66.6
Net revenue (total revenue less volume-related costs)	**610.5**	**564.7**
Staff costs	−142.6	−125.2
Depreciation, amortisation and impairment losses	−31.0	−28.0
Other operating expenses	−142.3	−117.8
Operating costs	**−315.9**	**−271.0**
Result from equity investments	1.6	6.9
Earnings before interest and tax (EBIT)	**296.2**	**300.6**
Financial income	0.2	19.4
Financial expense	−20.4	−13.7
Earnings before tax (EBT)	**276.0**	**306.3**
Other tax	−0.3	−0.4
Income tax expense	−74.4	−79.4
Net profit for the period from continuing operations	**201.3**	**226.5**
Net profit for the period from discontinued operations	**10.8**	**9.0**
Net profit for the period	**212.1**	**235.5**
Net profit for the period attributable to Deutsche Börse AG shareholders	205.4	222.3
Net profit for the period attributable to non-controlling interests	6.7	13.2
Earnings per share(basic) (€)	**1.10**	**1.21**
from continuing operations	1.04	1.16
from discontinued operations	0.06	0.05
Earnings per share (diluted) (€)	**1.10**	**1.21**
from continuing operations	1.04	1.16
from discontinued operations	0.06	0.05

Consolidated balance sheet

Taking into account ISE as discontinued operation

as at 31 March 2016

	31 Mar 2016	31 Dec 2015	31 Mar 2015
	€m	€m	€m
Assets			
NON-CURRENT ASSETS			
Intangible assets			
Software	204.6	225.4	208.7
Goodwill	2,672.0	2,898.8	2,377.8
Payments on account and construction in progress	167.8	152.5	125.4
Other intangible assets	874.6	1,356.3	1,136.2
	3,919.0	**4,633.0**	**3,848.1**
Property, plant and equipment			
Fixtures and fittings	35.4	40.3	37.5
Computer hardware, operating and office equipment	62.2	68.7	62.9
Payments on account and construction in progress	1.6	0.7	1.2
	99.2	**109.7**	**101.6**
Financial assets			
Investments in associates and joint ventures	39.0	38.5	33.1
Other equity investments	189.2	219.4	213.6
Receivables and securities from banking business	1,664.8	2,018.6	1,390.7
Other financial instruments	18.6	32.3	29.1
Other loans	0.6	0.2	1.0
	1,912.2	**2,309.0**	**1,667.5**
Financial instruments of the central counterparties	9,585.6	7,175.2	8,787.6
Other non-current assets	11.8	11.7	11.9
Deferred tax assets	61.6	148.3	159.6
Total non-current assets	**15,589.4**	**14,386.9**	**14,576.3**
CURRENT ASSETS			
Receivables and other current assets			
Financial instruments of the central counterparties	167,921.3	126,289.6	200,733.5
Receivables and securities from banking business	19,639.3	10,142.9	14,600.9
Trade receivables	438.1	554.1	423.9
Receivables from related parties	2.0	4.7	1.8
Income tax receivables	90.9	94.2	79.4
Other current assets	580.9	1,022.3	313.9
Assets held for sale(1)	857.3	0	0
	189,529.8	**138,107.8**	**216,153.4**
Restricted bank balances	24,391.2	26,870.0	36,038.9
Other cash and bank balances	706.4	711.1	929.6
Total current assets	**214,627.4**	**165,688.9**	**253,121.9**
Total assets	**230,216.8**	**180,075.8**	**267,698.2**

Consolidated balance sheet (Continued)

Taking into account ISE as discontinued operation

as at 31 March 2016

	31 Mar 2016	31 Dec 2015	31 Mar 2015
	€m	€m	€m
Equity and liabilities			
EQUITY			
Subscribed capital	193.0	193.0	193.0
Share premium	1,326.0	1,326.0	1,249.0
Treasury shares	315.5	315.5	443.0
Revaluation surplus	18.7	5.3	35.9
Accumulated profit	2,629.6	2,357.9	2,748.1
Shareholders' equity	**3,814.4**	**3,556.1**	**3,711.2**
Non-controlling interests	139.6	139.0	387.8
Total equity	**3,954.0**	**3,695.1**	**4,099.0**
NON-CURRENT LIABILITIES			
Provisions for pensions and other employee benefits	167.4	140.7	181.6
Other non-current provisions	119.6	131.7	104.5
Deferred tax liabilities	370.5	581.3	515.3
Interest-bearing liabilities	2,537.6	2,546.5	1,460.7
Financial instruments of the central counterparties	9,585.6	7,175.2	8,787.6
Other non-current liabilities	4.2	10.0	12.6
Total non-current liabilities	**12,784.9**	**10,585.4**	**11,062.3**
CURRENT LIABILITIES			
Tax provisions	268.4	316.7	320.7
Other current provisions	142.8	174.5	113.5
Financial instruments of the central counterparties	167,556.8	126,006.5	199,668.4
Liabilities from banking business	20,017.3	11,681.4	15,588.5
Other bank loans and overdrafts	45.2	42.2	0.9
Trade payables	233.9	372.8	211.6
Liabilities to related parties	1.8	1.8	2.3
Cash deposits by market participants	24,391.2	26,869.0	36,037.7
Other current liabilities	613.6	330.4	593.3
Liabilities associated with assets held for sale(1)	206.9	0	0
Total current liabilities	**213,477.9**	**165,795.3**	**252,536.9**
Total liabilities	**226,262.8**	**176,380.7**	**263,599.2**
Total equity and liabilities	**230,216.8**	**180,075.8**	**267,698.2**

(1) Including operating activities of International Securities Exchange (ISE)

Consolidated income statement

For the period 1 January to 31 December 2015

	Note	2015	(restated) 2014[1]	2014
			(€m)	
Sales revenue	4	2,722.8	2,347.8	2,347.8
Net interest income from banking business	4	50.6	37.6	32.8
Other operating income	4	23.6	23.1	23.1
Total revenue		2,797.0	2,408.5	2,403.7
Volume-related costs	4	(429.6)	(360.7)	(360.7)
Net revenue (total revenue less volume-related costs)		2,367.4	2,047.8	2,043.0
Staff costs	5	(640.7)	(472.4)	(472.4)
Depreciation, amortisation and impairment losses	11, 12	(143.7)	(124.8)	(124.8)
Other operating expenses	6	(591.2)	(517.6)	(517.6)
Operating costs		(1,375.6)	(1,114.8)	(1,114.8)
Net income from equity investments	8	0.8	78.3	78.3
Earnings before interest and tax (EBIT)		992.6	1,011.3	1,006.5
Financial income	9	21.2	8.8	18.7
Financial expense	9	(63.6)	(56.7)	(61.8)
Earnings before tax (EBT)		950.2	963.4	963.4
Other tax		(1.6)	(1.4)	(1.4)
Income tax expense	10	(247.4)	(173.5)	(173.5)
Net profit for the period		701.2	788.5	788.5
Net profit for the period attributable to Deutsche Börse AG shareholders		665.5	762.3	762.3
Net profit for the period attributable to non-controlling interests		35.7	26.2	26.2
Earnings per share (basic) (€)	34	3.60	4.14	4.14
Earnings per share (diluted) (€)	34	3.60	4.14	4.14

Note:

(1) See note 3.

Consolidated statement of comprehensive income

For the period 1 January to 31 December 2015

	Note	2015	(restated) 2014[(1)]	2014
			(€m)	
Net profit for the period reported in consolidated income statement		701.2	788.5	788.5
Items that will not be reclassified to profit or loss				
Changes from defined benefit obligations		3.2	(66.4)	(66.4)
Deferred taxes	10, 20	(0.1)	17.6	17.6
		3.1	(48.8)	(48.8)
Items that may be reclassified subsequently to profit or loss				
Exchange rate differences[(2)]	20	130.0	127.5	127.5
Remeasurement of cash flow hedges		2.8	2.7	2.7
Remeasurement of other financial instruments		8.6	1.9	1.9
Deferred taxes	10, 20	(68.3)	(70.0)	(70.0)
		73.1	62.1	62.1
Other comprehensive income net of tax		76.2	13.3	13.3
Total comprehensive income		777.4	801.8	801.8
thereof attributable to Deutsche Börse AG shareholders		741.3	775.9	775.9
thereof attributable to non-controlling interests		36.1	25.9	25.9

Notes:

(2) See note 3

(3) Exchange rate differences include €0.6 million (2014: €0.5 million) recognised directly in accumulated profit as part of the "net income from equity investments".

Consolidated balance sheet
As at 31 December 2015

	Note	31 Dec 2015	(restated) 31 Dec 2014[(1)]	31 Dec 2014
			(€m)	
ASSETS				
Non-Current Assets				
Intangible assets	11			
Software		225.4	221.1	221.3
Goodwill		2,898.8	2,225.0	2,224.5
Payments on account and assets under development		152.5	100.2	100.2
Other intangible assets		1,356.3	980.2	980.5
		4,633.0	3,526.5	3,526.5
Property, plant and equipment	12			
Fixtures and fittings		40.3	37.4	37.4
Computer hardware, operating and office equipment		68.7	62.3	62.3
Payments on account and construction in progress		0.7	1.2	1.2
		109.7	100.9	100.9
Financial assets	13			
Investments in associates and joint ventures		38.5	104.2	104.2
Other equity investments		219.4	166.8	166.8
Receivables and securities from banking business		2,018.6	1,305.0	1,305.0
Other financial instruments		32.3	25.8	25.8
Other loans[(2)]		0.2	0.4	0.4
		2,309.0	1,602.2	1,602.2
Financial instruments held by central counterparties	15	7,175.2	5,885.8	5,885.8
Other non-current assets		11.7	11.5	11.5
Deferred tax assets	10	148.3	140.3	140.3
Total non-current assets		14,386.9	11,267.2	11,267.2
Current Assets				
Receivables and other current assets				
Financial instruments held by central counterparties	15	126,289.6	170,251.0	170,251.0
Receivables and securities from banking business	16	10,142.9	10,307.1	10,307.1
Trade receivables	17	554.1	342.9	342.9
Receivables from related parties		4.7	1.0	1.0
Income tax assets[(3)]		94.2	75.0	75.0
Other current assets	18	1,022.3	554.3	554.3
		138,107.8	181,531.3	181,531.3
Restricted bank balances	19	26,870.0	22,283.5	22,283.5
Other cash and bank balances		711.1	826.1	826.1
Total current assets		165,688.9	204,640.9	204,640.9
Total assets		180,075.8	215,908.1	215,908.1

Notes:

(1) The adjusted balance sheet as at 31 December 2014 reflects the changes from the allocation of the purchase price for Clearstream Global Securities Services Limited, Cork, Ireland. For more information, please refer to note 2.

(2) Thereof €0.1 million (31 December 2014: €0.4 million) receivable from related parties.

(3) Thereof €4.6 million (31 December 2014: €6.8 million) with a remaining maturity of more than one year from corporation tax credits in accordance with section 37 (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act).

Consolidated balance sheet (Continued)

As at 31 December 2015

	Note	31 Dec 2015	(restated) 31 Dec 2014[1]	31 Dec 2014
			(€m)	
EQUITY AND LIABILITIES				
Equity	20			
Subscribed capital		193.0	193.0	193.0
Share premium		1,326.0	1,249.0	1,249.0
Treasury shares		(315.5)	(443.0)	(443.0)
Revaluation surplus		(5.3)	(15.9)	(15.9)
Accumulated profit		2,357.9	2,446.6	2,446.6
Shareholders' equity		3,556.1	3,429.7	3,429.7
Non-controlling interests		139.0	322.4	322.4
Total equity		3,695.1	3,752.1	3,752.1
Non-Current Liabilities				
Provisions for pensions and other employee benefits	22	140.7	145.6	145.6
Other non-current provisions	23, 24	131.7	110.5	110.5
Deferred tax liabilities	10	581.3	379.5	379.5
Interest-bearing liabilities	25	2,546.5	1,428.5	1,428.5
Financial instruments held by central counterparties	15	7,175.2	5,885.8	5,885.8
Other non-current liabilities		10.0	12.6	12.6
Total non-current liabilities		10,585.4	7,962.5	7,962.5
Current Liabilities				
Tax provisions[2]	26	316.7	282.7	282.7
Other current provisions	23, 27	174.5	108.1	108.1
Financial instruments held by central counterparties	15	126,006.5	169,001.9	169,001.9
Liabilities from banking business	28	11,681.4	11,487.1	11,487.1
Other bank loans and overdrafts		42.2	0.7	0.7
Trade payables		372.8	221.2	221.2
Liabilities to related parties		1.8	1.6	1.6
Cash deposits by market participants	29	26,869.0	22,282.4	22,282.4
Other current liabilities	30	330.4	807.8	807.8
Total current liabilities		165,795.3	204,193.5	204,193.5
Total liabilities		176,380.7	212,156.0	212,156.0
Total equity and liabilities		180,075.8	215,908.1	215,908.1

Notes:

(1) The adjusted balance sheet as at 31 December 2014 reflects the changes from the allocation of the purchase price for Clearstream Global Securities Services Limited, Cork, Ireland. For more information, please refer to note 2.

(2) Thereof income tax due: €290.5 million (2014: €233.1 million).

Consolidated cash flow statement

For the period 1 January to 31 December 2015

	Note	2015	2014
		(€m)	
Net profit for the period		701.2	788.5
Depreciation, amortisation and impairment losses	11, 12	143.7	124.8
(Decrease)/increase in non-current provisions		18.2	(4.3)
Deferred tax (income)/expense	10	3.2	(48.8)
Other non-cash expense/(income)		7.0	(46.7)
Changes in working capital, net of non-cash items:		(79.9)	(131.1)
Increase in receivables and other assets		(66.7)	(63.0)
Decrease in current liabilities		(7.7)	(76.9)
(Decrease)/increase in non-current liabilities		(5.5)	8.8
Net loss on disposal of non-current assets		3.2	2.4
Cash flows from operating activities excluding CCP positions		796.6	684.8
Changes in liabilities from CCP positions		(371.9)	275.6
Changes in receivables from CCP positions		(414.6)	(283.1)
Cash flows from operating activities	33	10.1	677.3
Payments to acquire intangible assets		(112.2)	(102.9)
Payments to acquire property, plant and equipment		(42.3)	(30.6)
Payments to acquire non-current financial instruments		(815.5)	(367.2)
Payments to acquire investments in associates and joint ventures		(14.1)	(13.6)
Payments to acquire subsidiaries, net of cash acquired		(641.5)	11.2
Effects of the disposal of (shares in) subsidiaries, net of cash disposed		(5.3)	0
Proceeds from the disposal of shares in associates and joint ventures		0	3.6
Net decrease in current receivables and securities from banking business with an original term greater than three months		(169.7)	(68.1)
Proceeds from disposals of available-for-sale non-current financial instruments		208.3	317.2
Cash flows from investing activities	33	(1,592.3)	(250.4)
Proceeds from sale of treasury shares		202.8	2.4
Payments to non-controlling interests		(717.5)	(16.6)
Proceeds from non-controlling interests		3.6	0
Repayment of long-term financing		(150.5)	0
Proceeds from long-term financing		1,089.5	0
Repayment of short-term financing		(2,065.0)	(1,205.0)
Proceeds from short-term financing		2,100.0	1,164.7
Dividends paid		(386.8)	(386.6)
Cash flows from financing activities	33	76.1	(441.1)
Net change in cash and cash equivalents		(1,506.1)	(14.2)
Net change in cash and cash equivalents (brought forward)		(1,506.1)	(14.2)
Effect of exchange rate differences		(4.8)	1.9
Cash and cash equivalents at beginning of period		(68.5)	(56.2)
Cash and cash equivalents at end of period	33	(1,579.4)	(68.5)
Additional information on cash inflows and outflows contained in cash flows from operating activities:			
Interest-similar income received		205.5	17.7
Dividends received		7.3	24.9
Interest paid		(192.8)	(51.7)
Income tax paid		(207.7)	(237.0)

Consolidated statement of changes in equity

For the period 1 January to 31 December 2015

	Note	2015	2014	thereof included in total comprehensive income 2015	thereof included in total comprehensive income 2014
			(€m)		
Subscribed capital					
Balance as at 1 January		193.0	193.0		
Balance as at 31 December		193.0	193.0		
Share premium					
Balance as at 1 January		1,249.0	1,249.0		
Sale of treasury shares		77.0	0		
Balance as at 31 December		1,326.0	1,249.0		
Treasury shares					
Balance as at 1 January		(443.0)	(446.6)		
Placement of treasury shares		124.4	0		
Sales under the Group Share Plan		3.1	3.6		
Balance as at 31 December		(315.5)	(443.0)		
Revaluation surplus	20				
Balance as at 1 January		(15.9)	29.4		
Changes from defined benefit obligations	22	3.2	(66.1)	3.2	(66.1)
Remeasurement of other financial instruments		8.6	1.9	8.6	1.9
Remeasurement of cash flow hedges		2.8	2.7	2.8	2.7
Deferred taxes	10	(4.0)	16.2	(4.0)	16.2
Balance as at 31 December		(5.3)	(15.9)		
Accumulated profit	20				
Balance as at 1 January		2,446.6	2,011.8		
Dividends paid	21	(386.8)	(386.6)	0	0
Acquisition of the interest of non-controlling shareholders in STOXX Ltd.		(428.0)	0	0	0
Net profit for the period attributable to Deutsche Börse AG shareholders		665.5	762.3	665.5	762.3
Exchange rate differences and other adjustments		125.0	127.7	129.6	127.5
Deferred taxes	10	(64.4)	(68.6)	(64.4)	(68.6)
Balance as at 31 December		2,357.9	2,446.6		
Shareholders' equity as at 31 December		3,556.1	3,429.7	741.3	775.9
Shareholders' equity (brought forward)		3,556.1	3,429.7	741.3	775.9
Non-controlling interests					
Balance as at 1 January		322.4	231.4		
Acquisition of the interest of non-controlling shareholders in STOXX Ltd.		(225.8)	0	0	0
Changes due to capital increases/decreases		6.3	64.8	0	0
Non-controlling interests in net income of subsidiaries for the period		35.7	26.2	35.7	26.2
Changes from defined benefit obligations	22	0	(0.3)	0	(0.3)
Exchange rate differences and other adjustments		0.4	0.3	0.4	0
Total non-controlling interests as at 31 December		139.0	322.4	36.1	25.9
Total equity as at 31 December		3,695.1	3,752.1	777.4	801.8

Notes to the consolidated financial statements

Basis of preparation

1 General principles

Company information

Deutsche Börse AG ("the "company") is incorporated as a German public limited company ("Kapitalgesellschaft") and is domiciled in Germany. The company's registered office is in Frankfurt/Main. Deutsche Börse AG is the parent company of Deutsche Börse Group. Deutsche Börse AG and its subsidiaries operate cash and derivatives markets. Its business areas range from the admission of securities to listing, through trading, clearing and settlement, down to custody of securities. Furthermore, IT services are provided and market data distributed. For details regarding internal organisation and reporting see note 35.

Basis of reporting

The 2015 consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRIC), as adopted by the European Union in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards.

The disclosures required in accordance with Handelsgesetzbuch (HGB, German Commercial Code) section 315a (1) have been presented in the notes to the consolidated financial statements and the remuneration report of the combined management report. The consolidated financial statements are also based on the interpretations issued by the Rechnungslegungs Interpretations Committee (RIC, Accounting Interpretations Committee) of the Deutsches Rechnungslegungs Standards Committee e.V. (Accounting Standards Committee of Germany), to the extent that these do not contradict the standards and interpretations issued by the IFRIC or the IASB.

New accounting standards—implemented in the year under review

The following standards and interpretations issued by the IASB and adopted by the European Commission were applied to Deutsche Börse Group for the first time in the 2015 reporting period:

IFRIC 21 "Levies" (May 2013)

IFRIC 21 addresses the accounting for outflows imposed on entities by governments, other than income taxes within the meaning of IAS 12 (income taxes or amounts collected on behalf of governments, in particular value added tax), and clarifies when obligations to pay these types of levies must be recognised as liabilities or provisions in the financial statements. The interpretation must be applied within the EU for financial years beginning on or after 17 June 2014.

Amendment to IAS 19 "Employee Benefits" (November 2013)

There is an option on how to account for contributions that employees are required to make to their defined benefit plans. The amendment permits employee contributions that are independent of the number of years of service to be attributed to the period in which the service is rendered. This results in a negative benefit being attributed to the corresponding period of service. Previously, employee contributions had been allocated to the defined benefit liability. The amendment must be applied for financial years beginning on or after 1 July 2014. The effective date of the amendment has been adjusted during EU endorsement proceedings. The effective date has been postponed to apply for financial years beginning on or after 1 February 2015; Deutsche Börse Group opted for voluntary earlier application.

Amendments resulting from the "Annual Improvements Project 2010–2012" (December 2013)

There were amendments to standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.The amendments must be applied for financial years beginning on or after 1 July 2014.The effective date of the amendments has been adjusted during EU endorsement proceedings. The effective date has been

1 General principles (Continued)

postponed to apply for financial years beginning on or after 1 February 2015; Deutsche Börse Group opted for voluntary earlier application.

Amendments resulting from the "Annual Improvements Project 2011–2013" (December 2013)

Amendments affecting the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40 are planned. The amendments must be applied for financial years beginning on or after 1 July 2014. The effective date of the amendments has been adjusted during EU endorsement proceedings. The effective date has been postponed to apply for financial years beginning on or after 1 January 2015; Deutsche Börse Group opted for voluntary earlier application.

New accounting standards—not yet implemented

The following standards and interpretations, which are relevant to Deutsche Börse Group and which Deutsche Börse Group did not adopt in 2015 prior to the effective date, have been published by the IASB prior to the publication of this financial report and partially adopted by the European Commission.

Amendment to IFRS 11 "Joint Arrangements—Acquisitions of Interests in Joint Operations" (May 2014)

The amendment clarifies that acquisitions of interests or additional interests in a joint operation that constitutes a business within the meaning of IFRS 3 must be accounted for in accordance with the principles of business combinations accounting in IFRS 3 and other applicable IFRSs, with the exception of those principles that conflict with the guidance in IFRS 11. The amendment must be applied for financial years beginning on or after 1 January 2016; earlier application is permitted. The amendment has been adopted by the EU on 24 November 2015.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets—Clarification of Acceptable Methods of Depreciation and Amortisation" (May 2014)

The amendments clarify which methods are appropriate for depreciating property, plant and equipment and for amortising intangible assets. In particular, they clarify that revenue-based depreciation of property, plant and equipment is not appropriate at all, and that revenue-based amortisation of intangible assets is only permitted in defined exceptional circumstances. The amendments must be applied for financial years beginning on or after 1 January 2016; earlier application is permitted. The amendments have been adopted by the EU on 2 December 2015.

Amendment to IAS 27 Separate Financial Statements—equity method (August 2014)

The consolidation rules previously contained in IAS 27 were revised, and are now included in IFRS 10 Consolidated Financial Statements. Accordingly, IAS 27 exclusively contains provisions concerning separate financial statements. The amendment is required to be applied for financial years beginning on or after 1 January 2016; earlier application is permitted. The amendment has been adopted by the EU on 18 December 2015.

Amendments resulting from the "Annual Improvements Project 2012–2014" (September 2014)

Amendments affecting the standards IFRS 5, IFRS 7, IAS 19 and IAS 34 are planned. The amendments must be applied for financial years beginning on or after 1 January 2016. The amendments have been adopted by the EU on 15 December 2015.

Amendment to IAS 1 "Presentation of Financial Statements—Disclosure Initiative" (December 2014)

The amendment to the standard IAS 1 is aimed at improving financial reporting disclosures in the notes. Among other things, they emphasise more clearly the concept of materiality, define new requirements for the calculation of subtotals, allow for greater flexibility in the order in which disclosures in the notes are presented, introduce clearer presentation guidance for accounting policies and add requirements for presenting an entity's share of other comprehensive income of associates and joint ventures in the

1 General principles (Continued)

statement of comprehensive income. The amendments must be applied for financial years beginning on or after 1 January 2016. The amendment has been adopted by the EU on 18 December 2015.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (September 2014)

The amendments to the two standards are based on the existing requirements relating to transactions with an associate or joint venture. In line with these, gains or losses on transactions relate exclusively to assets that do not constitute a business, i.e. the extent to which any gain or loss is recognised depends on whether the assets transferred constitute a business (amendments to IAS 28). At the same time, the requirements relating to gain or loss recognition in accordance with IFRS 10 were also amended. According to this amendment, the gain or loss is recognised in the parent's profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The effective date has been postponed by the IASB for an indefinite period of time.

IFRS 15 "Revenue from Contracts with Customers" (May 2014)

IFRS 15 contains guidance for recognising revenue from contracts with customers. According to these requirements, revenue must be recognised when the customer obtains control over the agreed goods and services and is able to derive benefits from them. The revenue should be recognised in an amount that reflects the consideration which the company expects to receive. The new guidance contained in IFRS 15 will replace the previous requirements of IAS 11 and IAS 18 in the future. The standard must be applied for financial years beginning on or after 1 January 2018; earlier application is permitted. The standard has not yet been adopted by the EU.

IFRS 9 "Financial Instruments" (July 2014)

IFRS 9 introduces new requirements for the accounting and measurement of financial instruments.

Following the issue of the final version of the standard by the IASB in July 2014, the new requirements will replace all previous requirements of IAS 39 in the future. The standard contains major new guidance relating to the classification and measurement of financial instruments, accounting for impairments of financial assets and hedge accounting. The standard is effective for financial years beginning on or after 1 January 2018. The standard has not yet been adopted by the EU.

IFRS 16 "Leases" (January 2016)

IFRS 16 introduced new rules for the recognition of leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of all long-term leases on the lessee's statement of financial position, whereby the right of use is recognised as an asset, and the payment obligation in the form of a financial liability. The standard is effective for financial years beginning on or after 1 January 2019; earlier application is permitted only if that entities apply IFRS 15 at or before. The standard has not yet been adopted by the EU.

Deutsche Börse Group cannot assess conclusively what the impact of the application of the new and amended standards will be at this stage. In addition to extended disclosure requirements, the initial application of IFRS 9, IFRS 15, IFRS 16 and IAS 1 is expected to have an impact on the consolidated financial statements.

2 Basis of consolidation

Deutsche Börse AG's equity interests in subsidiaries, associates and joint ventures as at 31 December 2015 included in the consolidated financial statements are presented in the following tables. Unless otherwise stated, the financial information in these tables is presented in accordance with the generally accepted accounting principles in the companies' countries of domicile.

2 Basis of consolidation (Continued)

Fully consolidated subsidiaries (part 1)

Company	Domicile	Equity interest as at 31 December 2015 direct/ (indirect)	Currency	Ordinary share capital	Equity[1]	Total assets	Sales revenue 2015	Net profit/loss 2015	Initially consolidated
		(%)				(thousand)			
Börse Frankfurt Zertifikate Holding S.A. in liquidation	Luxembourg, Luxembourg	100.00	€	50	226	282	0	3	2013
Börse Frankfurt Zertifikate AG	Frankfurt am Main, Germany	100.00	€	140	9,196	14,643	21,750	2,402	2013
Clearstream Holding AG	Frankfurt am Main, Germany	100.00	€	101,000	2,285,314	2,434,625	0	147,084[2]	2007
Clearstream International S.A.	Luxembourg, Luxembourg	(100.00)	€	25,000	1,092,510	1,147,752	83,526	193,739	2002
Clearstream Banking S.A.	Luxembourg, Luxembourg	(100.00)	€	92,000	1,086,914	12,090,294	443,238[3]	111,278	2002
Clearstream Banking Japan, Ltd.	Tokyo, Japan	(100.00)	JPY	49,000	149,808	215,803	123,353	13,037	2009
REGIS-TR S.A.	Luxembourg, Luxembourg	(50.00)	€	3,600	6,164	10,948	8,428	861	2010
Clearstream Banking AG	Frankfurt am Main, Germany	(100.00)	€	25,000	370,616	1,860,459	289,603[3]	91,382	2002
Clearstream Global Securities Services Limited	Cork, Ireland	(100.00)	€	9,211	11,047	15,074	25,765	1,721	3 October 2014
Clearstream Operations Prague s.r.o	Prague, Czech Republic	(100.00)	CZK	160,200	206,593	280,829	435,070	45,990	2008
Clearstream Services S.A.	Luxembourg, Luxembourg	(100.00)	€	30,000	104,647	173,963	278,403	11,032	2002
Deutsche Boerse Asia Holding Pte. Ltd.	Singapore, Singapore	100.00	€	20,000	19,543	20,374	426	(457)	2013
Eurex Clearing Asia Pte. Ltd.	Singapore, Singapore	(100.00)	€	10,000	10,221	11,513	2,115	178	2013
Eurex Exchange Asia Pte. Ltd.	Singapore, Singapore	(100.00)	€	5,000	2,531	5,000	0	(2,469)	25 May 2015
Deutsche Boerse Market Data + Services Singapore Pte. Ltd.	Singapore, Singapore	100.00	S$	606	461	990	0	(145)	28 July 2015
Deutsche Börse Photography Foundation GmbH	Frankfurt am Main, Germany	100.00	€	25	161	178	0	136	16 July 2015
Deutsche Börse Services s.r.o	Prague, Czech Republic	100.00	CZK	200	219,700	350,285	876,594	48,453	2006
Deutsche Boerse Systems, Inc.	Chicago, USA	100.00	U.S.$	400	3,352	4,882	8,771	338	2000
Eurex Frankfurt AG	Frankfurt am Main, Germany	100.00	€	6,000	1,123,029	1,272,207	0	4,718[4]	1998
Eurex Clearing AG	Frankfurt am Main, Germany	(100.00)	€	25,000	314,813	26,901,700	13,262[3]	1,097[2]	1998
Eurex Clearing Security Trustee GmbH	Frankfurt am Main, Germany	(100.00)	€	25	78	88	0	1	2013
Eurex Bonds GmbH	Frankfurt am Main, Germany	(79.44)	€	3,600	10,440	12,211	3,613[3]	905	2001
Eurex Repo GmbH	Frankfurt am Main, Germany	(100.00)	€	100	7,000	21,361	15,507[3]	9,796[2]	2001
U.S. Exchange Holdings, Inc.	Chicago, USA	(100.00)[5]	U.S.$	1,000	2,804,807	2,910,797	0	(12,112)	2003
Eurex Services GmbH (dormant)	Frankfurt am Main, Germany	(100.00)	€	25	100	101	0	1	2007
International Securities Exchange Holdings, Inc.	New York, USA	(100.00)	U.S.$	0	1,725,056	1,963,710	0	39,710	2007
ETC Acquisition Corp.	New York, USA	(100.00)	U.S.$	0	4,085	4,089	150	150	2007
International Securities Exchange, LLC	New York, USA	(100.00)	U.S.$	0	72,865	145,120	268,303	68,148	2007
ISE Gemini, LLC	New York, USA	(100.00)	U.S.$	0	7,069	19,167	74,461	6,541	2013
Longitude LLC	New York, USA	(100.00)	U.S.$	0	2,490	2,900	3,780	291	2007
Longitude S.A.	Luxembourg, Luxembourg	(100.00)	€	1,500	1,653	5,100	5,386	605	2012
Eurex Global Derivatives AG	Zurich, Switzerland	100.00	€	83	433,911	443,957	118,765	60,782	2012
Eurex Zürich AG	Zurich, Switzerland	(100.00)[6]	€	8,313	297,104	321,103	49,521	4,969	1998
European Energy Exchange AG	Leipzig, Germany	(62.91)[7]	€	40,050	70,348	141,331	5,916	20,656[8]	1 January 2014
Agricultural Commodity Exchange GmbH 9)	Leipzig, Germany	(62.91)	€	100	2,046	2,196	141	(1,096)[2]	1 January 2014
Cleartrade Exchange Pte. Limited	Singapore, Singapore	(32.58)	U.S.$	18,800	3,366	3,764	1,719	(4,589)	1 January 2014
Cleartrade Exchange (UK) Limited	London, United Kingdom	(32.58)	GBP	0	8	56	645	46	1 January 2014
European Commodity Clearing AG	Leipzig, Germany	(62.91)	€	1,015	97,870	1,145,335	56,853	32,248[2]	1 January 2014
European Commodity Clearing Luxembourg S.à r.l.	Luxembourg, Luxembourg	(62.91)	€	13	42	118,113	25,857	28	1 January 2014
EEX Power Derivatives GmbH	Leipzig, Germany	(62.91)	€	125	6,018	24,872	36,649	15,083[2]	1 January 2014
Global Environmental Exchange GmbH	Leipzig, Germany	(62.91)	€	50	48	3,396	1,824	(2,334)[2]	1 January 2014

Notes:

(1) Includes capital reserves and retained earnings, accumulated gains or losses and net profit or loss for the year and, if necessary, further components according to the respective local GAAP

(2) Before profit transfer or loss absorption

(3) Consists of interest and commission results due to the business operations

(4) Thereof income from profit pooling agreement with their subsidiaries amounting to €10,892 thousand is included.

(5) Thereof 15 per cent. directly and 85 per cent. indirectly held via Eurex Frankfurt AG

(6) Thereof 50 per cent. directly and 50 per cent. indirectly held via Eurex Global Derivatives AG

(7) Voting rights

(8) Thereof income and expense from pooling agreements with their subsidiaries amounting to €43,901 thousand is included.

(9) Until second quarter 2015 EGEX European Gas Exchange GmbH

2 Basis of consolidation (Continued)

Fully consolidated subsidiaries (part 2)

Company	Domicile	Equity interest as at 31 December 2015 direct/ (indirect)	Currency	Ordinary share capital	Equity[1]	Total assets	Sales revenue 2015	Net profit/ loss 2015	Initially consolidated
		(%)				(thousand)			
Powernext SA	Paris, France	(55.19)	€	12,584	46,260	51,637	19,003	18,059	1 January 2015
EPEX Spot SE	Paris, France	(28.97)[2]	€	6,168	60,964	74,516	55,725	18,949	1 January 2015
APX Holding B.V.	Amsterdam, Netherlands	(28.97)	€	1,302	13,038	39,649	3,427	284	4 May 2015
APX Clearing B.V.	Amsterdam, Netherlands	(28.97)	€	1,000	45	101,301	2,003	3,873	4 May 2015
APX Balancing B.V.	Amsterdam, Netherlands	(28.97)	€	18	10	88	30	15	4 May 2015
APX Shipping B.V.	Amsterdam, Netherlands	(28.97)	€	18	65	716	40	30	4 May 2015
APX Commodities Ltd.	London, United Kingdom	(28.97	GBP	500	1,693	402,539	5,337	258	4 May 2015
APX Power B.V.	Amsterdam, Netherlands	(28.97)	€	18	554	10,462	8,613	352	4 May 2015
APX Staffing B.V.	Amsterdam, Netherlands	(28.97)	€	0	255	4,383	0	128	4 May 2015
Belpex S.A.	Brussels, Belgium	(28.97)	€	3,000	4,076	10,073	4,499	213	4 May 2015
EPEX Spot Schweiz AG	Bern, Switzerland	(28.97)	CHF	100	136	164	326	21	1 January 2015
JV Epex-Soops B.V.	Amsterdam, Netherlands	(17.38)	€	18	174	177	0	(3)	1 January 2015
Finnovation S.A.	Luxembourg, Luxembourg	100.00	€	156,400	153,565	187,610	55,445	11,656	2008
Impendium Systems Ltd	London, United Kingdom	100.00	GBP	6,904	1,166	972	1,416	(3,544)	10 January 2014
Indexium AG	Zurich, Switzerland	100.00	CHF	100	5,786	8,608	10,805	(7,623)	31 July 2015
Infobolsa S.A.	Madrid, Spain	50.00	€	331	11,546	13,366	8,384	240	2002
Difubolsa, Serviços de Difusão e Informação de Bolsa, S.A.	Lisbon, Portugal	(50.00)	€	50	151	180	104	(18)	2002
Infobolsa Deutschland GmbH	Frankfurt am Main, Germany	(50.00)	€	100	1,589	1,607	141	88	2003
Open Finance, S.L.	Madrid, Spain	(40.50)	€	4	1,157	2,899	3,618	351	2011
Market News International Inc.	New York, USA	100.00	U.S.$	9,911	27,093	29,659	23,477	(260)	2009
MNI Financial and Economic Information (Beijing) Co. Ltd.	Beijing, China	(100.00)	U.S.$	0	248	245	430	(12)	2011
Need to Know News, LLC	Chicago, USA	(100.00)	U.S.$	0	0	1,322	0	0	2009
STOXX Ltd.	Zurich, Switzerland	100.00	CHF	673	98,489	114,399	102,695	46,640	2009
STOXX Australia Pty Limited	Sydney, Australia	(100.00)	AU$	68	29,400	152,722	327,564	29,332	31 July 2015
Tradegate Exchange GmbH	Berlin, Germany	78.72[3]	€	500	1,411	2,097	2,510	574	2010
360T Beteiligungs GmbH	Frankfurt am Main, Germany	100.00	€	10,128[4]	245,765[4]	245,869[4]	0[4]	(43)[4]	15 October 2015
360T Verwaltungs GmbH	Frankfurt am Main, Germany	(100.00)	€	25[4]	275,394[4]	297,740[4]	92[4]	1,552[4]	15 October 2015
360 Treasury Systems AG	Frankfurt am Main, Germany	(100.00)	€	128[4]	30,210[4]	45,368[4]	0[4]	0[4]	15 October 2015
Finbird GmbH	Frankfurt am Main, Germany	(100.00)	€	25[4]	1,424[4]	4,282[4]	0[4]	0[4]	15 October 2015
Finbird Limited	Jerusalem, Israel	(100.00)	ILS	1[4]	(1,076)[4]	722[4]	5,431[4]	667[4]	15 October 2015
ThreeSixty Trading Networks (India) Pte. Ltd.	Mumbai, India	(100.00)	INR	300[5]	62,536[5]	67,108[5]	26,016[5]	1,657[5]	15 October 2015
360T Asia Pacific Pte. Ltd.	Singapore, Singapore	(100.00)	S$	550[6]	3,585[6]	4,570[6]	8,943[6]	939[6]	15 October 2015
360 Trading Networks Inc.	New York, USA	(100.00)	U.S.$	230[4]	6,051[4]	6,744[4]	0[4]	60[4]	15 October 2015
360 Trading Networks LLC	Dubai, United Arab Emirates (UAE)	(100.00)	€	34[4]	295[4]	414[4]	0[4]	11[4]	15 October 2015

Notes:

(1) Includes capital reserves and retained earnings, accumulated gains or losses and net profit or loss for the year and, if necessary, further components according to the respective local GAAP

(2) Thereof 6.72 per cent. indirectly and 22.21 per cent. directly held via Powernext SA

(3) Thereof 3.72 per cent. indirectly held via Tradegate AG Wertpapierhandelsbank

(4) The financials refer to the shortened financial year from 1 October 2015 to 31 December 2015

(5) The financials refer to the financial year from 1 April 2014 to 31 March 2015

(6) The financials refer to the financial year from 1 October 2013 to 30 September 2014

As at 31 December 2015, Deutsche Börse AG held 50 per cent. of the voting rights of Infobolsa S.A., Madrid, Spain. The key decision-making body of Infobolsa S.A., Luxembourg, is the Board of Directors, where the chairman's casting vote gives Deutsche Börse AG the majority of the votes.

Moreover, Deutsche Börse AG indirectly holds 50 per cent. of the voting rights in REGIS-TR S.A., Luxembourg. Since Deutsche Börse's subsidiary Clearstream Banking S.A., which holds 50 per cent. of the voting rights, has the right to appoint the chairman of the supervisory board, who in turn has a casting vote, there is a presumption of control.

2 Basis of consolidation (Continued)

Changes to consolidated subsidiaries

	Germany	Foreign	Total
As at 1 January 2015	16	36	52
Additions	5	21	26
Disposals	0	(3)	(3)
As at 31 December 2015	21	54	75

The purchase price allocation for Clearstream Global Securities Services Limited, Cork, Ireland (CGSS) was adjusted as at 31 March 2015 during the measurement period. The assessment of the fair value of the intangible assets that were acquired effective 3 October 2014 by Clearstream International S.A., Luxembourg, together with the shares of CGSS was revised in the first quarter of 2015. The previously assumed fair value of all acquired assets and liabilities amounting to €32.1 million as at the date of acquisition decreased by €0.5 million to €31.6 million. The goodwill resulting from the acquisition increased accordingly by €0.5 million from €15.1 million to €15.6 million and reflects mainly the expected revenue-related synergies with existing and potential customers in the custody business as well as expected synergies in the form of uniform IT systems. The balance sheet as at 31 December 2014 has been adjusted accordingly.

The adjusted allocation of the purchase price to the acquired assets and liabilities is shown in the following table:

Goodwill resulting from the business combination with Clearstream Global Securities Services Limited

	Final goodwill calculation 3 October 2014 (€m)
Consideration transferred	47.2
Acquired assets and liabilities	
Customer relationships	15.8
Software	9.8
Database	5.9
Other assets and liabilities	0.1
Total assets and liabilities acquired	31.6
Goodwill (partly tax-deductible)	15.6

Effective 1 January 2015, European Energy Exchange AG, Leipzig, Germany, (EEX) acquired an interest of 53.34 per cent. in Powernext SA, Paris, France, in exchange for 36.75 per cent. of the shares of EPEX Spot SE, Paris, France. Since then, all natural gas activities of EEX group have been bundled within Powernext SA; EEX increased its interest in Powernext SA to 55.8 per cent. as a result of this transaction. Within the measurement period, the measurement of assets and liabilities relationships was retrospectively adjusted in the second quarter. This measurement adjustment gave rise to total goodwill of €18.4 million as at the reporting date, mainly reflecting synergies resulting from pooling the entire gas exchange activities at

2 Basis of consolidation (Continued)

Powernext SA. The current status of preliminary allocation of the purchase price to the assets acquired and liabilities assumed is shown in the following table:

Goodwill resulting from the business combination with Powernext SA and EPEX Spot group

	Final goodwill calculation
	1 January 2015
	(€m)
Consideration transferred	
Fair value of transferred equity interest in EPEX Spot SE (less non-controlling interests)	45.4
Acquired bank balances	(40.1)
Total consideration	5.3
Acquired assets and liabilities	
Customer relationships	73.3
Trade names	7.2
Other intangible assets	2.0
Other non-current assets	0.9
Deferred tax assets	1.7
Other current assets	13.0
Liabilities	(11.9)
Deferred tax liabilities on temporary differences	(27.0)
Non-controlling interests	(72.3)
Total assets and liabilities acquired	(13.1)
Goodwill (not tax-deductible)	18.4

In addition, EEX acquired an additional 410,860 shares of Powernext SA at a total price of €36.3 million in the reporting period, thus increasing its interest to a total of 87.73 per cent.

As Powernext SA in turn holds 51 per cent. of the EPEX Spot SE, EEX at the same time obtained a controlling interest in EPEX Spot SE and its two subsidiaries, EPEX Spot Schweiz AG, Zurich, Switzerland, and JV Epex-Soops B.V., Amsterdam, the Netherlands, effective 1 January 2015. All subsidiaries have been included in full in the consolidated financial statements since 1 January 2015. The consolidation of the EPEX Spot group generated a rise of €55.4 million in sales revenue as well as an increase of €4.8 million in earnings after tax and offsetting of non-controlling interests. The consolidation of Powernext SA generated a growth of €14.7 million in sales revenue as well as an increase of €1.3 million in earnings after tax and offsetting of non-controlling interests.

To expand the spot power business (trading and clearing), the APX Holding group, which covers the market areas of the Netherlands, the United Kingdom and Belgium, was acquired and integrated into the EPEX Spot group effective 4 May 2015. In doing so, EPEX Spot SE acquired an interest amounting to 100 per cent. in the APX Holding group for a total purchase price of €16.8 million from Deutsche Börse Group's perspective. The acquisition was financed by issuing new shares in EPEX Spot SE. Because of the resulting dilutive effect, EEX's interest in EPEX Spot SE declined to 35.08 per cent. All of the APX Holding group's clearing activities were subsequently transferred to European Commodity Clearing AG (ECC), a wholly owned subsidiary of EEX. As at the reporting date, preliminary purchase price allocation resulted in total goodwill of €6.6 million, which is mainly attributable to synergies resulting from the integration of the European power spot market. As wholly owned subsidiaries of the EPEX Spot SE, the APX Holding Group companies have been included in full in Deutsche Börse Group's consolidated financial statements since May 2015. The consolidation of the APX Holding group generated growth of €16.7 million in sales revenue as well as an increase of €0.4 million in earnings after tax, net of non-controlling interests. Had the group been fully consolidated as at 1 January 2015, this would have

2 Basis of consolidation (Continued)

increased revenue by €25.3 million; earnings before tax and non-controlling interest income would have increased by €0.8 million.

Goodwill resulting from the business combination with APX Holding group

	Preliminary goodwill calculation
	4 May 2015
	(€m)
Consideration transferred	16.8
Acquired assets and liabilities	
Customer relationships	25.5
Other intangible assets	0.9
Other non-current assets	2.6
Deferred tax assets	5.3
Other current assets less liabilities	4.9
Deferred tax liabilities on temporary differences	(6.6)
Non-controlling interests	(23.0)
Total assets and liabilities acquired	10.2
Goodwill (not tax-deductible)	6.6

On 25 May 2015, Deutsche Boerse Asia Holding Pte. Ltd., Singapore, founded Eurex Exchange Asia Pte. Ltd., Singapore. As a wholly-owned subsidiary of Deutsche Boerse Asia Holding Pte. Ltd. (which is itself a wholly-owned subsidiary of Deutsche Börse AG), the new entity has been fully consolidated since its establishment.

With effect from 16 July 2015, Deutsche Börse AG established Deutsche Börse Photography Foundation, a non-profit private limited company based in Frankfurt/Main, Germany. With Deutsche Börse AG as the sole shareholder, it is deemed to exercise control as defined in IFRS 10, and the subsidiary has therefore been fully consolidated since the second quarter of 2015.

On 28 July 2015, Deutsche Börse AG founded Deutsche Boerse Market Data + Services Singapore Pte. Ltd., Singapore. As a wholly-owned subsidiary of Deutsche Börse AG, the new entity has been fully consolidated since its establishment.

Deutsche Börse AG acquired 49.9 per cent. of the shares of STOXX Ltd., Zurich, Switzerland, and 50.1 per cent. of the shares of Indexium AG, Zurich, Switzerland, from SIX Group AG, Zurich, Switzerland, effective 31 July 2015. The loans granted by SIX Group AG were also cleared of in this connection. The total purchase price was CHF681.3 million (€653.8 million). Following this transaction, Deutsche Börse AG holds 100 per cent. of the shares of STOXX Ltd., of its 100 per cent.-subsidiary STOXX Australia Pty. Ltd., Australia, and of Indexium AG. Deutsche Börse AG already had previous control over STOXX Ltd. and had included the company in full in its consolidated financial statements. For this reason, the transaction was accounted for as an equity transaction with owners; in line with this, non-controlling interests declined by €225.8 million. The remaining amount of €428.0 million was offset against retained earnings. The transaction led to the acquisition of control over Indexium AG; the company has been included in full in the consolidated financial statements of Deutsche Börse AG since then. On the basis of the preliminary purchase price allocation, no material assets or liabilities are attributable to Indexium AG. The impact of consolidation of Indexium AG on consolidated revenue and net profit for the period attributable to Deutsche Börse AG shareholders was not disclosed for reasons of materiality.

Deutsche Börse AG acquired all shares in 360T Beteiligungs GmbH, Frankfurt/Main, Germany, effective 15 October 2015. As a result, it controls 360T Beteiligungs GmbH and its subsidiaries; and has included these companies in full in its consolidated financial statements since that date. Based on the preliminary allocation of the purchase price as at the reporting date, goodwill amounted to €529.0 million. The

2 Basis of consolidation (Continued)

goodwill reflects firstly 360T's strong position as a leading global FX trading platform with excellent growth prospects and secondly the substantial potential synergies created by the acquisition. These include the joint marketing of exchange traded derivatives, the creation of a multilateral trading platform for standardised OTC FX products and the development of clearing solutions for OTC FX derivatives. Within the scope of purchase price allocation, which has not yet been finalised at the time of preparing these consolidated financial statements, the following assets and liabilities were identified:

Goodwill resulting from the business combination with 360T group

	Preliminary goodwill calculation
	15 October 2015
	(€m)
Consideration transferred	
Purchase price	704.3
Acquired bank balances	(27.7)
Total consideration	676.6
Acquired assets and liabilities	
Customer relationships	232.3
Trade names	19.9
Other intangible assets	14.2
Other non-current assets	1.6
Other current assets less liabilities	(36.5)
Deferred tax liabilities on temporary differences	(83.9)
Total assets and liabilities acquired	147.6
Goodwill (not tax-deductible)	529.0

Full consolidation of the 360T group increased revenue by €15.8 million and net income after taxes of €2.4 million. Had the group been fully consolidated as at 1 January 2015, this would have increased revenue by €60.7 million; net income after taxes would have risen by €10.2 million.

As part of a corporate reorganisation in 2015, two affiliate entities, incorporated in Ireland, were merged. Clearstream Global Securities Services Limited and Clearstream Fund Services Ireland Limited were merged with an effective date of 1 December 2015, pursuant to the provisions of the Companies Act 2014 as implemented in Ireland. The assets and liabilities of Clearstream Fund Services Ireland Limited were transferred to Clearstream Global Securities Services Limited, and Clearstream Fund Services Ireland Limited was dissolved without going into liquidation.

After having transferred or terminated its reinsurance contracts, Risk Transfer Re S.A., Luxembourg, was liquidated on 23 December 2015.

The following table summarises the main financial information of associates and joint ventures; the data comprise the totals of each company according to the respective local GAAP and not proportional values from the view of Deutsche Börse Group.

2 Basis of consolidation (Continued)

Associates and joint ventures

Company	Domicile	Segment	Equity interest as at 31 December 2015 direct/ (indirect)	Currency	Ordinary share capital	Assets	Liabilities	Sales revenue 2015	Net profit/loss 2015	Associate since
			(%)			(thousand)				
Joint ventures										
Bondcube Limited in Administration	London, United Kingdom	Xetra	30.00	GBP	2[1]	2,183[1]	2,548[1]	0[1]	(215)[1]	10 February 2014
Associates										
BrainTrade Gesellschaft für Börsensysteme mbH	Frankfurt am Main, Germany	Xetra	(28.58[2]	€	1,400	4,364	2,750	7,320	213	2013
China Europe International Exchange AG	Frankfurt am Main, Germany	Eurex	40.00	€	27,000	26,632	363	0	(730)	31 October 2015
Deutsche Börse Cloud Exchange AG[3]	Frankfurt am Main, Germany	Eurex	(64.68)	€	50[4]	1,513[4]	1,463[4]	8[4]	(5,276)[4]	2013
Deutsche Börse Commodities GmbH	Frankfurt am Main, Germany	Xetra	16.20	€	1,000	1,867,493	1,863,867	4,666	1,073	2007
Digital Vega FX Ltd	London, United Kingdom	Eurex	24.03	GBP	382[5][6]	1,292[6]	910[6]	449[6]	(74)[6]	2011
European Market Coupling Company GmbH i.L.	Hamburg, Germany	Eurex	(12.56)	€	100[7]	1,999[7]	260[7]	0[7]	0[7]	1 January 2014
Gaspoint Nordic A/S	Brøndby, Denmark	Eurex	(31.41)	DKK	10,000	10,054	3,712	9,426	1,541	1 January 2015
Global Markets Exchange Group International LLP	London, United Kingdom	Eurex	31.42	GBP	5,026[8]	5,626[8]	1,707[8]	339[8]	(2,232)[8]	2013
Index Marketing Solutions Limited	London, United Kingdom	Eurex	(16.26)	GBP	0[9]	52[9]	53[9]	0[9]	(1)[9]	1 January 2014
LuxCSD S.A.	Luxembourg, Luxembourg	Clearstream	(50.00)	€	6,000	6,122	735	1,653	277	30 June 2015
PHINEO gAG	Berlin, Germany	Xetra	12.00[10]	€	50[4]	2,826[4]	627[4]	824[4]	441[4]	2010
R5FX Ltd	London, United Kingdom	Eurex	30.00	GBP	1	888	151	0	(1,114)	1 October 2014
SEEPEX a.d.	Belgrade, Serbia	Eurex	(7.23)	RSD	60,000[11]	42,106[11]	557[11]	0[11]	(18,450)[11]	14 July 2015
Tradegate AG Wertpapierhandelsbank[12]	Berlin, Germany	Xetra	14.86	€	24,403	87,704	17,776	46,472	10,111	2010
Zimory GmbH	Berlin, Germany	Eurex	30.03[13]	€	263[4]	6,126[4]	5,863[4]	2,506[4]	(1,361)[4]	2013

Notes:

(1) Values up to the date of Administration on 21 July 2015

(2) Thereof 14.29 per cent. held directly and 14.29 per cent. indirectly via Börse Frankfurt Zertifikate AG

(3) Deutsche Börse Cloud Exchange AG is part of the Zimory GmbH subgroup.

(4) Preliminary figures

(5) Value of equity

(6) The financials refer to the financial year from 1 December 2014 to 30 November 2015

(7) Figures as at 31 December 2014

(8) The financials refer to the financial year from 1 February 2015 to 31 January 2016

(9) The financials refer to the financial year from 1 September 2013 to 31 August 2014

(10) In addition, Deutsche Börse AG holds an interest in Phineo Pool GbR, Berlin, Germany, which holds a 48 per cent. stake in PHINEO gAG.

(11) The financials refer to the shortened financial year from 15 July 2015 to 31 December 2015.

(12) As at balance sheet date, the fair value of the stake in the listed company amounted to €28.6 million.

(13) Voting rights

In the first quarter of 2015, the International Securities Exchange, LLC, New York, USA, (ISE) made an additional investment of U.S.$30 million in The Options Clearing Corporation, Chicago, USA, (OCC) as part of their plan to fund increased regulatory capital requirements. ISE has also committed to a capital replenishment plan which provides up to an additional U.S.$40 million of funding.

Moreover, on 1 January 2015, EEX acquired 50 per cent. of the shares of Gaspoint Nordic A/S, Brøndby, Denmark, for a price of €600 thousand. The purchase price includes goodwill amounting to €280 thousand. As EEX exercises significant influence within the meaning of IAS 28, Gaspoint Nordic A/S has been classified as an associate and accounted for using the equity method since 1 January 2015.

2 Basis of consolidation (Continued)

Due to the changes to the shareholder agreement, Clearstream International S.A. lost its controlling majority in LuxCSD S.A., Luxembourg. As a consequence, the company was deconsolidated in the second quarter of 2015. Since then it has been reported under the "investments in associates and joint ventures" item and accounted for using the equity method.

Effective 28 April 2015, Deutsche Börse AG acquired another 12,500 shares in Global Markets Exchange Group International LLP, London, United Kingdom, (GMEX) for a purchase price of £1 million. As a result, Deutsche Börse AG increased its interest to a total of 33.17 per cent. Since Deutsche Börse AG exercises significant influence within the meaning of IAS 28, GMEX continues to be classified as an associate and is accounted for using the equity method.

With effect from 14 July 2015, EPEX Spot SE, Paris, France, invested €125 thousand in the foundation of SEEPEX a.d., Belgrade, Serbia. The object of the new entity is to operate a power exchange for South-East Europe, located in Serbia. Holding 60,000 of a total of 240,000 ordinary shares entitled to vote, EPEX Spot SE has a 25 per cent. share of voting rights. Given that EPEX Spot SE exercises significant influence (as defined in IAS 28), SEEPEX a.d. has been classified as an associate and accounted for using the equity method.

By signing the Joint Venture Agreement on 16 October 2015 Deutsche Börse AG established together with two stock exchange operators in Shanghai the China Europe International Exchange AG, Frankfurt/Main, Germany, (CEINEX). Deutsche Börse AG made a capital contribution in the amount of €10.8 million for 10.8 million shares, thereby gaining a 40 per cent. interest in CEINEX. The capital contribution includes goodwill amounting to €10.8 thousand. Since at present, Deutsche Börse AG is only able to exercise control over CEINEX jointly with one of the other CEINEX founders, the company is classified as an associate (as defined in IAS 28), and accounted for using the equity method.

In November 2015, International Securities Exchange Holdings, Inc., New York, USA, (ISE Holdings), sold 43,117 shares in Hanweck Associates, LLC, and thus lowered its stake to 18.29 per cent. Since ISE Holdings thus no longer exercises significant influence (as defined in IAS 28.5), Hanweck Associates, LLC is no longer classified as an associate.

Where Deutsche Börse Group's share of the voting rights in a company amounts to less than 20 per cent., Deutsche Börse Group's significant influence is exercised in accordance with IAS 28.6 (a) through the Group's representation on the supervisory board or the board of directors of the following companies as well as through corresponding monitoring systems:

- Deutsche Börse Commodities GmbH, Frankfurt/Main, Germany
- Tradegate AG Wertpapierhandelsbank, Berlin, Germany
- European Market Coupling Company GmbH i.L., Hamburg, Germany
- Index Marketing Solutions Limited, London, United Kingdom
- SEEPEX a.d., Belgrade, Serbia
- PHINEO gAG, Berlin, Germany

3 Summary of key accounting policies

Deutsche Börse AG's consolidated financial statements have been prepared in euros, the functional currency of Deutsche Börse AG. Unless stated otherwise, all amounts are shown in millions of euros (€m). Due to rounding, the amounts may differ from unrounded figures.

The annual financial statements of subsidiaries included in the consolidated financial statements have been prepared on the basis of the Group-wide accounting policies based on IFRSs that are described in the following. They were applied consistently to the periods shown with the exception of the adjustments described below.

3 Summary of key accounting policies (Continued)

Changes of accounting and measurement policies

With effect from 1 January 2015, interest income from central counterparties is recognised under the item "net interest income from banking business". Clearing houses generate (or incur) interest income (or expenses) by investing the cash collateral provided by customers; so far, interest income or expenses were recognised in the financial result. This change of recognition is due to pricing model adjustments at Eurex Clearing AG as from 1 May 2015. The adjusted pricing model provides for interest rate-driven cash collateral placement fees (so-called "cash handling fee"). Previous year's figures were adjusted. This led to an increase of the item "net interest income from banking business" by €4.8 million to €37.6 million. Financial income decreased by €9.9 million to €8.8 million, while financial expenses dropped by €5.1 million to €56.7 million.

Recognition of revenue and expenses

Trading, clearing and settlement fees are recognised at the trade date and billed on a monthly basis. Custody revenue and revenue for systems development and systems operation are generally recognised rateably and billed on a monthly basis. Sales of price information are billed on a monthly basis. Fees charged to trading participants in connection with International Securities Exchange, LLC's and ISE Gemini, LLC's expenses for supervision by the U.S. Securities and Exchange Commission (SEC) are recognised at the settlement date.

International Securities Exchange, LLC and ISE Gemini, LLC earn market data revenue from the sale of trade and quote information on options through the Options Price Reporting Authority, LLC (OPRA, the regulatory authority responsible for distributing market data revenues among the U.S. options exchanges). Pursuant to SEC regulations, U.S. exchanges are required to report trade and quote information to OPRA. International Securities Exchange, LLC and ISE Gemini, LLC earn a portion of the income of the U.S. option exchange association based on its share of eligible trades for optioned securities. Revenue is recorded as transactions occur on a trade date basis and is collected quarterly.

As a rule, rebates are deducted from sales revenue.

The item "volume-related costs" comprises expenses that depend on the number of certain trade or settlement transactions, or on the custody volume, the Global Securities Financing volume, or the volume of market data acquired, or that result from revenue-sharing agreements or maker-taker pricing models. Volume-related costs are not incurred if the corresponding revenue is no longer generated.

Interest income and expense are recognised using the effective interest method over the respective financial instrument's term to maturity. Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the income can be measured reliably. Interest expense is recognised in the period in which it is incurred. Interest income and expense from banking business are set off in the consolidated income statement and disclosed separately in note 4.

Dividends are recognised in net income from equity investments if the right to receive payment is based on legally assertable claims.

The consolidated income statement is structured using the nature of expense method.

Research and development costs

Research costs are expensed in the period in which they are incurred. The development costs of an asset are only capitalised if they can be reliably estimated, if all the definition criteria for an asset are met and if the future economic benefits resulting from capitalising the development costs can be demonstrated. These development costs include direct labour costs, costs of purchased services and workplace costs, including proportionate overheads that can be directly attributed to the preparation of the respective asset for use, such as costs for the software development environment. Development costs that do not meet the requirements for capitalisation are recognised as expenses in the consolidated income statement. Interest expense that cannot be allocated directly to one of the development projects is recognised in profit or loss in the reporting period and not included in capitalised development costs. If research and development

3 Summary of key accounting policies (Continued)

costs cannot be separated, the expenditures are recognised as expenses in the period in which they are incurred.

All development costs (both primary costs and costs incurred subsequently) are allocated to projects. The projects are broken down into the following phases in order to decide which cost components must be capitalised and which cannot be capitalised:

Phases not eligible for capitalisation

1. Design
   - Definition of product design
   - Specification of the expected economic benefit
   - Initial cost and revenue forecast

Phases eligible for capitalisation

2. Detailed specifications
   - Compilation and review of precise specifications
   - Troubleshooting process
3. Building and testing
   - Software programming
   - Product testing

Phases not eligible for capitalisation

4. Acceptance
   - Planning and implementation of acceptance tests
5. Simulation
   - Preparation and implementation of simulation
   - Compilation and testing of simulation software packages
   - Compilation and review of documents
6. Roll-out
   - Planning of product launch
   - Compilation and dispatch of production systems
   - Compilation and review of documents

In accordance with IAS 38, only expenses attributable to the "detailed specifications" and "building and testing" phases are capitalised. All other phases of software development projects are expensed.

Intangible assets

Capitalised development costs are amortised from the date of first use of the software using the straight-line method over the asset's expected useful life. The useful life of internally developed software is generally assumed to be five years; a useful life of seven years is used as the basis in the case of newly developed trading platforms and clearing systems.

Purchased software is carried at cost and reduced by amortisation and, where necessary, impairment losses. Amortisation is charged using the straight-line method over the expected useful life or at most until the right of use has expired.

3 Summary of key accounting policies (Continued)

Useful life of software

Asset	Amortisation period
Standard software	3 to 10 years
Purchased custom software	3 to 6 years
Internally developed custom software	3 to 7 years

Intangible assets are derecognised on disposal or when no further economic benefits are expected to flow from them.

The amortisation period for intangible assets with finite useful lives is reviewed at a minimum at the end of each financial year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

Goodwill is recognised at cost and tested at least once a year for impairment.

The cost of the other intangible assets, which are almost only acquired in the course of business combinations, corresponds to the acquisition date fair value. Assets with a finite useful life are amortised using the straight-line method over their expected useful life. Assets with an indefinite useful life are tested for impairment at least once a year.

Useful life of other intangible assets classified by business combinations

	Exchange licences	Trade names	Member and customer relationships	Miscellaneous intangible assets
ISE	indefinite	10 years	30 years	2 to 12 years
STOXX	—	indefinite	12 years	3 to 5 years
EEX	indefinite	indefinite	16 years	—
CGSS	—	—	20 years	8 years
360T	—	indefinite	23 years	—
Other	indefinite	5 years, indefinite	8 to 21 years	2 to 20 years

Since the exchange licences mentioned above have no time limit on their validity and, in addition, there is an intention to maintain the licences as part of the general business strategies, an indefinite useful life is assumed. Moreover, it is assumed that the trade name of STOXX, certain trade names of 360T as well as certain registered trade names of EEX group have also an indefinite useful life. These umbrella brands benefit from strong brand awareness and are used in the course of operating activities, so there are no indications that their useful life is limited.

Property, plant and equipment

Depreciable items of property, plant and equipment are carried at cost less cumulative depreciation. The straight-line depreciation method is used. Costs of an item of property, plant and equipment comprise all costs directly attributable to the production process, as well as an appropriate proportion of production overheads. No borrowing costs were recognised in the reporting period as they could not be directly allocated to any particular development project.

Useful life of property, plant and equipment

Asset	Depreciation period
Computer hardware	3 to 5 years
Office equipment	5 to 25 years
Leasehold improvements	based on lease term

3 Summary of key accounting policies (Continued)

Repair and maintenance costs are expensed as incurred.

If it is probable that the future economic benefits associated with an item of property, plant and equipment will flow to the Group and the cost of the asset in question can be reliably determined, expenditure subsequent to acquisition is added to the carrying amount of the asset as incurred. The carrying amounts of any parts of an asset that have been replaced are derecognised.

Impairment losses on property, plant and equipment and intangible assets

Specific non-current non-financial assets are tested for impairment. At each reporting date, the Group assesses whether there are any indications that an asset may be impaired. If this is the case, the carrying amount is compared with the recoverable amount (the higher of value in use and fair value less costs of disposal) to determine the amount of any potential impairment.

Value in use is estimated on the basis of the discounted estimated future cash flows from continuing use of the asset and from its ultimate disposal, before taxes. For this purpose, discount rates are estimated based on the prevailing pre-tax weighted average cost of capital. If no recoverable amount can be determined for an asset, the recoverable amount of the cash-generating unit to which the asset can be allocated is determined.

Irrespective of any indications of impairment, intangible assets with indefinite useful lives and intangible assets not yet available for use must be tested for impairment at least once a year. If the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognised and the net carrying amount of the asset is reduced to its estimated recoverable amount.

Goodwill is allocated to identifiable groups of assets (cash-generating units) or groups of cash-generating units that create synergies from the relevant acquisition. Irrespective of any indications of impairment, these items must be tested for impairment at least annually at the lowest level at which Deutsche Börse Group monitors the respective goodwill. An impairment loss is recognised if the carrying amount of the cash-generating unit to which goodwill is allocated (including the carrying amount of that goodwill) is higher than the recoverable amount of this group of assets. The impairment loss is first allocated to the goodwill, then to the other assets in proportion to their carrying amounts.

A review is conducted at every reporting date to establish whether there are any indications that an impairment loss recognised on non-current assets (excluding goodwill) in prior periods no longer applies. If this is the case, the carrying amount of the asset is increased and the difference is recognised in profit or loss. The maximum amount of this reversal is limited to the carrying amount that would have resulted if no impairment loss had been recognised in prior periods. Impairment losses on goodwill are not reversed.

Fair value measurement

The fair value of a financial instrument is measured using quoted market prices, if available. If no quoted market prices are available, observable market prices, for example for interest rates or exchange rates, are used. This observable market information is then used as inputs for financial valuation techniques, e.g. option pricing models or discounted cash flow models. In isolated instances, fair value is determined exclusively on the basis of internal valuation models.

Financial investments

Financial investments comprise investments in associates and joint ventures as well as financial assets.

Investments in associates and joint ventures are measured at cost on initial recognition and accounted for using the equity method upon subsequent measurement.

Financial assets

For Deutsche Börse Group, financial assets are, in particular, other equity investments, receivables and securities from banking business, other financial instruments and other loans, financial instruments held by central counterparties, receivables and other assets as well as bank balances.

3 Summary of key accounting policies (Continued)

Recognition of financial assets

Financial assets are recognised when a Group company becomes a party to the contractual provisions of the instrument. They are generally recognised at the trade date. Loans and receivables from banking business, available-for-sale financial assets from banking business as well as purchases and sales of equities via the central counterparty (i.e. Eurex Clearing AG) are recognised at the settlement date.

Financial assets are initially measured at fair value; in the case of a financial asset that is not measured at fair value through profit or loss in subsequent periods, this includes transaction costs. If they are settled within one year, they are allocated to current assets. All other financial assets are allocated to non-current assets.

Subsequent measurement of financial assets

Subsequent measurement of financial instruments follows the categories which are described below. As in previous years, Deutsche Börse Group did not take advantage of the option to allocate financial assets to the "held-to-maturity investments" category in the reporting period. In addition, the Group did not exercise the "fair value option" to designate financial assets at fair value through profit and loss. The financial assets are allocated to the respective categories at initial recognition.

Assets held for trading

Derivatives that are not designated as hedging instruments as well as financial instruments held by central counterparties are measured at fair value through profit or loss.

If they result from banking business, realised and unrealised gains and losses are immediately recognised in the consolidated income statement as "other operating income", "net interest income from banking business" and "other operating expenses" or, if incurred outside the banking business, as "financial income" and "financial expenses".

Loans and receivables

Loans and receivables comprise in particular current and non-current receivables from banking business, trade receivables as well as other current receivables. They are recognised at amortised cost, taking into account any impairment losses, if applicable. Premiums and discounts are included in the amortised cost of the instrument concerned and are amortised using the effective interest method; they are contained in "net interest income from banking business" if they relate to banking business, or in "financial income" and "financial expense".

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits as well as financial assets that are readily convertible to cash. They are subject to only minor changes in value. Cash and cash equivalents are measured at amortised cost.

Restricted bank balances mainly include cash deposits by market participants that are invested largely overnight, mainly in the form of reverse repurchase agreements with banks.

Available-for-sale financial assets

Non-derivative financial assets are classified as "available-for-sale financial assets" if they cannot be allocated to the "loans and receivables" or "assets held for trading" categories. These assets comprise debt and equity investments recognised as "other equity investments" and "other financial instruments", as well as debt instruments recognised as current and non-current receivables and securities from banking business.

Available-for-sale financial assets are generally measured at the fair value observable in an active market. Unrealised gains and losses are recognised directly in equity in the revaluation surplus. Impairment losses

3 Summary of key accounting policies (Continued)

and effects of exchange rates on monetary items are excluded from this general principle and are recognised in profit or loss.

Equity instruments for which no active market exists are measured on the basis of current comparable market transactions, if these are available. If an equity instrument is not traded in an active market and alternative valuation methods cannot be applied to that equity instrument, it is measured at cost, subject to an impairment test.

Realised gains and losses are generally recognised in "financial income" or "financial expense". Interest income in connection with debt instruments in the banking business is recognised in the consolidated income statement in "net interest income from banking business" using the effective interest rate method. Other realised gains and losses are recognised in the consolidated income statement in "other operating income" and "other operating expenses".

If debt instruments in the banking business are hedged items in fair value hedges, the changes in fair value resulting from the hedged risk are recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows expire or when substantially all the risks and rewards of ownership of the financial assets are transferred.

Clearstream Banking S.A. acts as principal in securities borrowing and lending transactions in the context of the ASL plus securities lending system. Legally, it operates between the lender and the borrower with-out being an economic party to the transaction (transitory items). In these transactions, the securities borrowed and lent match each other. Consequently, these transactions are not recognised in the consolidated balance sheet.

Impairment of financial assets

Financial assets that are not measured at fair value through profit or loss are reviewed at each reporting date to establish whether there are any indications of impairment.

Deutsche Börse Group has laid down criteria for assessing whether there is evidence of impairment. These criteria primarily include significant financial difficulties on the part of the debtor and breaches of contract. In the case of equity instruments, the assessment also takes into account the duration and the amount of the impairment compared with cost. If the decline in value amounts to at least 20 per cent. of cost and lasts for at least nine months, or if the decline is at least 15 per cent. of cost and lasts for at least six months, Deutsche Börse Group takes this to be evidence of impairment. Impairment is assumed in the case of debt instruments if there is a significant decline in the issuer's credit quality.

The amount of an impairment loss for a financial asset measured at amortised cost is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. A subsequent reversal is recognised at a maximum at the carrying amount that would have resulted if no impairment loss had been recognised.

The amount of an impairment loss for a financial asset measured at cost (unlisted equity instruments) is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at a current market interest rate. Subsequent reversal is not permitted.

In the case of available-for-sale financial assets, the impairment loss is calculated as the difference between cost and fair value. Any reduction in fair value already recognised in equity is reclassified to profit or loss upon determination of the impairment loss. An impairment loss recognised on debt instruments may only be reversed in a subsequent period if the reason for the original impairment no longer applies.

Financial liabilities

Financial liabilities relate primarily to interest-bearing liabilities, other liabilities, liabilities from banking business, financial instruments held by central counterparties, cash deposits by market participants as well as trade payables. They are recognised when a Group company becomes a party to the instrument.

3 Summary of key accounting policies (Continued)

They are generally recognised at the trade date. Purchases and sales of equities via the central counterparty Eurex Clearing AG are recognised at the settlement date.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and only the net amount is presented in the consolidated balance sheet when a Group company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities not measured at fair value through profit and loss

Financial liabilities not held for trading are carried at amortised cost. These liabilities comprise issued bonds and private placements. The borrowing costs associated with the placement of financial liabilities are included in the carrying amount and accounted for using the effective interest method, if they are directly attributable. Discounts reduce the carrying amount of liabilities and are amortised over the term of the liabilities.

Financial liabilities measured at fair value through profit and loss

A forward transaction with a non-controlling shareholder for the acquisition of non-controlling interests that is settled in cash or by delivering other financial assets is a financial liability recognised at fair value. It is subsequently measured at fair value through profit and loss. The equity interest attributable to a non-controlling shareholder underlying the transaction is accounted for as if it had already been acquired at the time of the transaction.

Derivatives and hedges

Derivatives are used to hedge interest rate risk or currency risk. All derivatives are carried at their fair values.

Hedge accounting is used for derivatives that are part of a hedging relationship determined to be highly effective and for which certain conditions are met. This relates in particular to the documentation of the hedging relationship and the risk strategy and to how reliably effectiveness can be measured.

Cash flow hedges

The portion of the gain or loss on the hedging instrument determined to be highly effective is recognised in other comprehensive income. This gain or loss ultimately adjusts the value of the hedged cash flow, i.e. the gain or loss on the hedging instrument is recognised in profit or loss when the hedged item is recognised in the balance sheet or in profit or loss. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Fair value hedges

The gain or loss on the hedging instrument, together with the gain or loss on the hedged item (underlying) attributable to the hedged risk, is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item adjusts its carrying amount.

Hedges of a net investment in a foreign operation

The effective portion of the gain or loss from a hedging transaction that is designated as a highly effective hedge is recognised in other comprehensive income. It is recognised in profit or loss when the foreign operation is sold. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Derivatives that are not part of a hedging relationship

Gains or losses on derivative instruments that are not part of a highly effective hedging relationship are recognised immediately in the consolidated income statement.

3 Summary of key accounting policies (Continued)

Financial instruments held by central counterparties

European Commodity Clearing AG, Eurex Clearing AG, APX Clearing B.V. and APX Commodities Ltd. act as central counterparties.

- European Commodity Clearing AG, APX Clearing B.V. and APX Commodities Ltd. guarantee the settlement of spot and derivatives transactions at the trading venues of the EEX group and the connected partner exchanges.
- Eurex Clearing AG guarantees the settlement of all transactions involving futures and options on the Eurex exchanges (Eurex Deutschland and Eurex Zürich AG). It also guarantees the settlement of all transactions for Eurex Bonds (bond trading platform) and Eurex Repo (repo trading platform), certain exchange transactions in equities on Frankfurter Wertpapierbörse (FWB, the Frankfurt Stock Exchange) and certain cash market transactions on the Irish Stock Exchange. Eurex Clearing AG also guarantees the settlement of off-order book trades entered for clearing in the trading systems of the Eurex exchanges, Eurex Bonds, Eurex Repo, the Frankfurt Stock Exchange and the Irish Stock Exchange.

In addition, Eurex Clearing AG clears OTC interest rate derivatives and securities lending transactions, where these meet the specified novation criteria.

The transactions of the clearing houses are only executed between the respective clearing house and a clearing member.

In accordance with IAS 39, purchases and sales of equities and bonds via the Eurex Clearing AG central counterparty are recognised and simultaneously derecognised at the settlement date.

For products that are marked to market (futures, options on futures as well as OTC interest-rate derivatives), the clearing houses recognise gains and losses on open positions of clearing members on each exchange day. By means of the variation margin, profits and losses on open positions resulting from market price fluctuations are settled on a daily basis. The difference between this and other margin types is that the variation margin does not comprise collateral, but is a daily offsetting of profits and losses in cash. In accordance with IAS 39, futures and OTC interest rate derivatives are therefore not reported in the consolidated balance sheet. For future-style options, the option premium is not required to be paid in full until the end of the term or upon exercise. Option premiums are carried in the consolidated balance sheet as receivables and liabilities at their fair value on the trade date.

"Traditional" options, for which the buyer must pay the option premium in full upon purchase, are carried in the consolidated balance sheet at fair value. Fixed-income bond forwards are recognised as derivatives and carried at fair value until the settlement date. Receivables and liabilities from repo transactions and from cash-collateralised securities lending transactions are classified as held for trading and carried at fair value. Receivables and liabilities from variation margins and cash collateral that is determined on the reporting date and only paid on the following day are carried at their nominal amount.

The "financial instruments held by central counterparties" are reported as non-current if the remaining maturity of the underlying transactions exceeds twelve months at the reporting date.

The fair values recognised in the consolidated balance sheet are based on daily settlement prices. These are calculated and published by the clearinghouse in accordance with the rules set out in the contract specifications (see also the clearing conditions of the respective clearing house).

Cash or securities collateral held by central counterparties

As the clearing houses of the Deutsche Börse Group guarantee the settlement of all traded contracts, they have established multi-level collateral systems. The central pillar of the collateral systems is the determination of the overall risk per clearing member (margin) to be covered by cash or securities collateral. Losses calculated on the basis of current prices and potential future price risks are covered up to the date of the next collateral payment.

3 Summary of key accounting policies (Continued)

In addition to these daily collateral payments, each clearing member must make contributions to the respective clearing fund (for further details, see the risk report in the combined management report). Cash collateral is reported in the consolidated balance sheet under "cash deposits by market participants" and the corresponding amounts under "restricted bank balances".

Securities collateral is generally not derecognised by the clearing member providing the collateral, as the opportunities and risks associated with the securities are not transferred to the secure party. Recognition at the secure party is only permissible if the clearing member providing the transfer is in default according to the underlying contract.

Treasury shares

The treasury shares held by Deutsche Börse AG at the reporting date are deducted directly from shareholders' equity. Gains or losses on treasury shares are recognised in other comprehensive income. The transaction costs directly attributable to the acquisition of treasury shares are accounted for as a deduction from share-holders' equity (net of any related income tax benefit).

Other current assets

Receivables and other assets are carried at their nominal amount. Adequate valuation allowances take account of identifiable risks.

Non-current assets held-for-sale

Non-current assets that are available for immediate sale in their present condition and whose sale is highly probable within a reasonable period of time are classified as "non-current assets held for sale".

A transaction is highly probable if measures for the sale have already been initiated and the relevant bodies have adopted the corresponding resolutions.

Pensions and other employee benefits

Pensions and other employee benefits relate to defined contribution and defined benefit pension plans.

Defined contribution pension plans

There are defined contribution plans as part of the occupational pension system using pension funds and similar pension institutions, as well as on the basis of 401(k) plans. In addition, contributions are paid to the statutory pension insurance scheme. The level of contributions is normally determined in relation to income. As a rule, no provisions are recognised for defined contribution plans. The contributions paid are reported as pension expenses in the year of payment.

There are defined contribution pension plans for employees in several countries. In addition, the employer pays contributions to employees' private pension funds.

Defined benefit plans

Provisions for pension obligations are measured, separately for each pension plan, using the projected unit credit method on the basis of actuarial reports. The fair value of plan assets is deducted from the present value of pension obligations, reflecting the asset ceiling rules if there are any excess plan assets. This results in the net defined benefit liability or asset. Net interest expense for the financial year is calculated by applying the discount rate determined at the beginning of the financial year to the net defined benefit liability determined as at that date.

The relevant discount rate is determined by reference to the return on long-term corporate bonds with a rating of at least AA (Moody's Investors Service, Standard & Poor's, Fitch Ratings and Dominion Bond Rating Service) on the basis of the information provided by Bloomberg, and a maturity that corresponds approximately to the maturity of the pension obligations. Moreover, the bonds must be denominated in the same currency as the underlying pension obligation. Measurement of the pension obligations in euros is,

3 Summary of key accounting policies (Continued)

on principal, based on a discount rate of 2.20 per cent., which is determined according to the Towers Watson "GlobalRate:Link" methodology updated in line with the current market trend.

Actuarial gains or losses resulting from changes in expectations with regard to life expectancy, pension trends, salary trends and the discount rate as compared with the estimate at the beginning of the period or compared with the actual development during the period are recognised directly in other comprehensive income. Actuarial gains and losses recognised in other comprehensive income may not be reclassified to profit or loss in subsequent periods. Similarly, differences between the (interest) income on plan assets determined at the beginning of the period and the return on plan assets actually recorded at the end of the period are also recognised directly in other comprehensive income. The actuarial gains or losses and the difference between the expected and the actual return or loss on plan assets are recognised in the revaluation surplus.

Other long-term benefits for employees and members of executive boards (total disability pension, transitional payments and surviving dependants' pensions) are also measured using the projected unit credit method. Actuarial gains and losses and past service cost are recognised immediately and in full through profit or loss.

Other provisions

Provisions are recognised if the Group has a present obligation from an event in the past, it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation and the amount of this obligation can be estimated reliably. The amount of the provision corresponds to the best estimate of the expenditure required to settle the obligation at the reporting date.

A restructuring provision is only recognised when an entity has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that the restructuring measures will be implemented, for example by starting to implement that plan or by announcing its main features to those affected by it.

Contingent liabilities are not recognised, but are rather disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Share-based payment

Deutsche Börse Group operates the Group Share Plan, the Stock Bonus Plan (SBP), the Co-Performance Investment Plan (CPIP) and the Long-term Sustainable Instrument (LSI), which provide share-based payment components for employees, senior executives and executive board members.

Group Share Plan

Under the Group Share Plan, shares are granted at a discount to the market price. The expense of this discount is recognised in the income statement at the grant date.

Stock Bonus Plan (SBP)

The SBP shares are generally accounted for as share-based payments for which Deutsche Börse AG has a choice of settlement in cash or equity instruments for certain tranches. In the previous years, a standard contract was drafted to settle the tranche due in the following year in cash. Under these circumstances, there is at present a presumption in accordance with IFRS 2 that all SBP shares will be settled in cash. Regarding the 2015 tranche, cash settlement has been agreed upon. Accordingly, Deutsche Börse Group has measured the SBP shares as cash-settled share-based payment transactions. The cost of the options is estimated using an option pricing model (fair value measurement) and recognised in staff costs in the consolidated income statement. Any right to payment of a stock bonus only vests after the expiration of the service or performance period of three or four years on which the plan is based.

A separate variable share-based payment has been agreed for Deutsche Börse AG's Executive Board from financial year 2010 to 2015. The number of virtual shares for each Executive Board member is calculated on the basis of Deutsche Börse AG's average share price in the two months preceding the point in time at which the Supervisory Board establishes the 100 per cent. target value for the variable share component.

3 Summary of key accounting policies (Continued)

The calculation of the payout amount of the stock bonus depends on the change in relative shareholder return and Deutsche Börse AG's share price performance. Claims under this stock bonus programme are settled in March 2016, for the 2013 to 2015 tranches, given the introduction of a new remuneration system as from 1 January 2016. The disbursement price is determined on the basis of Deutsche Börse AG's average share price during the two last calendar months prior to expiry of the adjusted performance period, which ended on 31 December 2015. Members of the Executive Board are obliged to invest payments made from the 2014 and 2015 tranches into Deutsche Börse AG shares according to the new remuneration scheme.

In the year under review, a new remuneration program (Co-Performance Investment Plan, CPIP) was introduced, and the CEO was offered a one-time participation. The appropriate number of phantom shares is calculated based on the number of shares granted and the increase of Deutsche Börse AG's consolidated net income, as well as on the relative performance of the total shareholder return (TSR) on Deutsche Börse AG's shares compared with the total shareholder return of the STOXX Europe 600 Financials Index constituents. The shares are subject to a performance period of five years. The subsequent payment of the stock bonus will be settled in cash.

Long-term Sustainable Instrument (LSI)

In order to meet regulatory requirements, the LSI for risk takers (employees whose professional activities have a material impact on the operations of institutions) was introduced in the financial year 2014. LSI shares are generally settled in cash. Regarding the 2014 tranche, the respective companies have the option to fulfil their obligations by delivering shares of Deutsche Börse AG. Regarding the 2015 tranche, cash settlement has been agreed upon as mode of settlement. Deutsche Börse Group thus measures the LSI shares as cash-settled share-based payment transactions. The options are measured using an option pricing model (fair value measurement). Any right to payment of a stock bonus only vests after the expiration of the one-year service period on which the plan is based, taking certain waiting periods into account.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed using the balance sheet liability approach. The deferred tax calculation is based on temporary differences between the carrying amounts of assets and liabilities in the IFRS financial statements and their tax base that will lead to a future tax liability or benefit when assets are used or sold or liabilities are settled.

The deferred tax assets or liabilities are measured using the tax rates that are currently expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised for the unused tax loss carryforwards only to the extent that it is probable that future taxable profit will be available. Deferred tax assets and deferred tax liabilities are offset where a legally enforceable right to set off current tax assets against current tax liabilities exists and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Leases

Leases are classified as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Leased assets and the associated liabilities are recognised at the lower of the fair value and present value of the minimum lease payments if the criteria for classification as a finance lease are met. The leased asset is depreciated or amortised using the straight-line method over its useful life or the lease term, if shorter. In subsequent periods, the liability is measured using the effective interest method.

Expenses incurred in connection with operating leases are recognised as an expense on a straight-line basis over the lease term.

3 Summary of key accounting policies (Continued)

Consolidation

Deutsche Börse AG and all subsidiaries directly or indirectly controlled by Deutsche Börse AG are included in the consolidated financial statements. Deutsche Börse Group controls a company if it is exposed to variable returns resulting from its involvement with the company in question or has rights to such returns and is able to influence them by using its power over the company.

Initial consolidation of subsidiaries in the course of business combinations uses the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their acquisition date fair values. Any excess of cost over the acquirer's interest in the fair value of the subsidiary's net identifiable assets is recognised as goodwill. Goodwill is reported in subsequent periods at cost less accumulated impairment losses.

Intra-Group assets and liabilities are eliminated. Income arising from intragroup transactions is eliminated against the corresponding expenses. Profits or losses arising from deliveries of intra-Group goods and services, as well as dividends distributed within the Group, are eliminated. Deferred taxes for consolidation adjustments are recognised where these are expected to reverse in subsequent years.

Interests in equity attributable to non-controlling interest shareholders are carried under "non-controlling interests" within equity. Where these are classified as "puttable instruments", they are reported under "liabilities".

Currency translation

Transactions denominated in a currency other than a company's functional currency are translated into the functional currency at the spot exchange rate applicable at the transaction date. At the reporting date, monetary balance sheet items in foreign currency are measured at the exchange rate at the reporting date, while non-monetary balance sheet items recognised at historical cost are measured at the exchange rate on the transaction date. Non-monetary balance sheet items measured at fair value are translated at the exchange rate prevailing at the valuation date. Exchange rate differences are recorded as other operating income or expense in the period in which they arise unless the underlying transactions are hedged. Gains and losses from a monetary item that forms part of a net investment in a foreign operation are recognised directly in "accumulated profit".

The annual financial statements of companies whose functional currency is not the euro are translated into the reporting currency as follows: assets and liabilities are translated into euros at the closing rate. The items in the consolidated income statement are translated at the average exchange rates for the reporting period. Resulting exchange differences are recognised directly in "accumulated profit". When the relevant subsidiary is sold, these exchange rate differences are recognised in net profit for the period attributable to shareholders of the parent company in which the deconsolidation gain or loss is realised.

The following euro exchange rates of consequence to Deutsche Börse Group were applied:

Exchange rates

		Average rate		Closing price as at 31 December	
		2015	2014	2015	2014
Swiss francs	CHF	1.0644	1.2131	1.0818	1.2029
U.S. dollars	USD (U.S.$)	1.1046	1.3210	1.0924	1.2156
Czech koruna	CZK	27.2792	27.5561	27.0250	27.7333
Singapore dollar	SGD	1.5220	1.6762	1.5430	1.6058
British pound	GBP(£)	0.7244	0.8026	0.7366	0.7806

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from initial consolidation are reported in the functional currency of the foreign operation and translated at the closing rate.

3 Summary of key accounting policies (Continued)

Key sources of estimation uncertainty and management judgements

The application of accounting policies, the presentation of assets and liabilities, and the recognition of income and expenses requires the Executive Board to make certain judgements and estimates. Adjustments in this context are taken into account in the period the change was made as well as in subsequent periods, where necessary.

Impairment

Deutsche Börse Group tests goodwill as well as intangible assets with indefinite useful lives for impairment and intangible assets not yet available for use at least once a year. Certain assumptions have to be made to determine the recoverable amount, which is calculated regularly using discounted cash flow models. This is based on the relevant business plans with a time horizon of normally three to five years. These plans in turn contain projections of the future financial performance of the assets and cash-generating units. If their actual financial performance fails to meet these expectations, corresponding adjustments may be necessary. For further information on the effects of changes in the discount rate and further assumptions, please see note 11.

Pensions and other employee benefits

Pensions and other employee benefits are measured using the projected unit credit method, which calculates the actuarial present value of the accumulated benefit obligation. Calculating the present value requires certain actuarial assumptions (such as the discount rate, staff turnover rate, salary and pension trends) to be made. The current service cost and the net interest expense or income for the subsequent period are calculated on the basis of these assumptions. Any departures from these assumptions, for example because of changes in the macroeconomic environment, are recognised in other comprehensive income in the following financial year. A sensitivity analysis of the key factors is presented in note 22.

Income taxes

Deutsche Börse Group is subject to the tax laws of those countries in which it operates and generates income. Considerable management judgement has to be exercised in determining the tax provisions. For a large number of transactions and calculations, no definitive tax-relevant information is available at the time these figures are determined. Deutsche Börse Group recognises corresponding provisions for risks expected from external tax audits. If the final results of these external audits differ from the estimates, the resulting effects on current and deferred taxes are recognised in the period in which they become known.

Legal risks

The companies of Deutsche Börse Group are subject to litigation. Such litigation may lead to orders to pay against the entities of the Group. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation if such amount is reasonably estimable. Management judgement includes the determination whether there is a possible obligation from past events, the evaluation of the probability that an outflow will occur and the estimation of the potential amount. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously. For further information on other risks please see note 37.

Group Share Plan, Stock Bonus Plan and Long-term Sustainable Instrument

Note 39 contains disclosures on the valuation model used for the stock options. Where the estimates of the valuation parameters originally applied differ from the actual values available when the options are exercised, adjustments are necessary; such adjustments are recognised in the consolidated income statement for the period if they relate to cash-settled share-based payment transactions.

Provisions

The probability of utilisation applied when recognising provisions for expected losses from rental agreements is estimated (see note 24). When recognising personnel-related restructuring provisions, certain assumptions were made, for example with regard to the fluctuation rate, the discount rate and salary trends. Adjustments may be necessary if the actual values were to deviate from these assumptions, adjustments may be necessary.

Consolidated income statement disclosures

4 Net revenue

Composition of net revenue

	Sales revenue		Net interest income from banking business(1)		Other operating income		Volume-related costs		Net revenue	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
						(£m)				
Eurex										
Equity index derivatives	438.3	379.2	0	0	0	0	(35.6)	(34.4)	402.7	344.8
Interest rate derivatives	184.4	166.2	0	0	0	0	(1.1)	(1.1)	183.3	165.2
U.S. options (ISE)	243.4	199.1	0	0	0.3	0	(155.5)	(116.1)	88.2	83.0
Commodity derivatives	180.7	73.1	(1.8)	0.2	2.7	1.0	(15.7)	(10.1)	165.9	64.1
Repurchase agreements	27.8	37.5	0	0	0	0	0	0	27.8	37.5
Equity derivatives	39.7	37.5	0	0	0	0	(3.4)	(3.2)	36.3	34.3
FX derivatives(2)	15.8	0	0	0	0	0	(0.1)	0	15.7	0
Other assets	78.6	60.9	18.3	4.6	11.2	16.2	(2.8)	(3.2)	105.3	78.5
	1,208.7	953.5	16.5	4.8	14.2	17.2	(214.2)	(168.1)	1,025.2	807.4
Xetra										
Trading(2)	146.5	124.7	0	0	0	0.5	(25.8)	(24.8)	120.7	100.4
Clearing and settlement fees	41.3	36.1	0	0	0	0.1	(6.9)	(6.3)	34.4	29.9
Other assets	23.3	23.9	0	0	6.8	8.3	(0.4)	(0.6)	29.7	31.6
	211.1	184.7	0	0	6.8	8.9	(33.1)	(31.7)	184.8	161.9
Clearstream										
Custody fees	510.1	465.8	0	0	0	0	(122.9)	(110.4)	387.2	355.4
Transaction fees	152.3	138.1	0	0	0	0	(15.4)	(13.1)	136.9	125.0
Global Securities Financing	100.6	98.2	0	0	0	0	(32.9)	(33.7)	67.7	64.5
Net interest income	0	0	34.1	32.8	0	0	0	0	34.1	32.8
Other assets	138.1	132.1	0	0	7.6	6.4	(25.2)	(18.2)	120.5	120.3
	901.1	834.2	34.1	32.8	7.6	6.4	(196.4)	(175.4)	746.4	698.0
Market Data + Services										
Information	181.2	172.3	0	0	2.5	1.9	(27.8)	(25.4)	155.9	148.8
Tools	119.3	111.6	0	0	3.9	0.6	(5.3)	(3.9)	117.9	108.2
Index	114.0	99.7	0	0	1.1	1.0	(11.9)	(10.4)	103.2	90.4
Market Solutions	33.4	33.1	0	0	0.6	0	0	0	34.0	33.1
	447.9	416.7	0	0	8.1	3.5	(45.0)	(39.7)	411.0	380.5
Total	2,768.8	2,389.1	50.6	37.6	36.7	36.0	(488.7)	(414.9)	2,367.4	2,047.8
Consolidation of internal net revenue	46.0	(41.3)	0	0	(13.1)	(12.9)	59.1	54.2	0	0
Group	2,722.8	2,347.8	50.6	37.6	23.6	23.1	(429.6)	(360.7)	2,367.4	2,047.8

Notes:

(1) As part of the introduction of an interest rate-driven cash collateral placement fees, net interest income of the central counterparties is reported in the net interest income from banking income (previously financial result), prior-year figures have been adjusted accordingly.

(2) Revenues from FX derivatives consist of revenues from 360T Beteiligungs GmbH that was initially consolidated as at 15 October 2015.

4 Net revenue (Continued)

Composition of net interest income from banking business

	2015	2014 (restated)
	(€m)	
Loans and receivables	34.6	31.2
Financial liabilities measured at amortised cost	(3.0)	(7.2)
Available-for-sale financial assets	2.7	5.5
Financial assets or liabilities measured at fair value through profit or loss:		
Interest income	14.3	9.3
Interest expense	2.0	(1.2)
Total	50.6	37.6

Composition of other operating income

	2015	2014
	(€m)	
Income from exchange rate differences	1.9	5.6
Income from impaired receivables	2.7	4.1
Income from settlement of put options	0	0
Income from agency agreements	0.4	0.2
Rental income from subleases	0.8	0.9
Miscellaneous	17.8	12.3
Total	23.6	23.1

For details of rental income from subleases see note 38.

Miscellaneous other operating income includes income from cooperation agreements and from training as well as valuation adjustments.

Volume-related costs comprise partial or advance services that Deutsche Börse Group purchases from third parties, and which it markets as part of its own value chain. They indirectly depend on the development of volume trends and sales revenue.

5 Staff costs

Composition of staff costs

	2015	2014
	(€m)	
Wages and salaries	517.0	394.7
Social security contributions, retirement and other benefits	123.7	77.7
Total	640.7	472.4

Staff costs include costs of €61.1 million (2014: €11.7 million) recognised in connection with efficiency programmes as well as costs of €41.4 million (2014: nil) for newly consolidated companies. The remaining increase is due to a rise in the number of employees (also see note 43), the remuneration of the executive board and higher pay-out of bonuses.

6 Other operating expenses

Composition of other operating expenses

	2015	2014
	(€m)	
Costs for IT services providers and other consulting services	258.0	203.9
IT costs	104.6	91.2
Premises expenses	72.5	71.0
Non-recoverable input tax	43.4	47.8
Travel, entertainment and corporate hospitality expenses	27.3	25.2
Advertising and marketing costs	21.8	23.8
Insurance premiums, contributions and fees	17.4	13.8
Non-wage labour costs and voluntary social benefits	16.4	15.0
Supervisory Board remuneration	5.5	5.4
Cost of agency agreements	4.0	5.7
Cost of exchange rate differences	3.6	3.0
Miscellaneous	16.7	11.8
Total	591.2	517.6

Costs for IT service providers and other consulting services relate mainly to expenses in conjunction with software development. An analysis of development costs is presented in note 7. These costs also contain costs of strategic and legal consulting services as well as of audit activities. Increased costs for IT services and other consulting services amounting to €54.1 million related to business combinations and acquisitions and criminal investigations against Clearstream.

Composition of fees paid to the auditor

	2015		2014	
	Total	Germany	Total	Germany
	(€m)			
Statutory audits	3.2	1.6	2.7	1.3
Other assurance or valuation services	1.3	0.8	1.4	1.3
Tax advisory services	1.1	0.6	0.6	0.3
Other services	0.6	0.5	0.4	0.3
Total	6.2	3.5	5.1	3.2

7 Research and development costs

Own expenses capitalised relate solely to development costs of internally developed software, involving the following systems and projects in the individual segments:

Research and development costs

	Total expense for software development		of which capitalised	
	2015	2014	2015	2014
		(€m)		
Eurex				
Trading platform T7 for Xetra/Eurex	5.4	12.3	3.2	5.5
Eurex Clearing Prisma	24.4	24.3	10.3	6.1
Trading platform ISE	7.1	6.0	4.2	5.3
EEX-Software	6.9	2.2	3.6	2.2
EurexOTC Clear	33.6	46.2	15.0	17.6
360T	0.6	0	0.6	0
Other Eurex software	18.3	17.5	11.0	6.3
	96.3	108.5	47.9	43.0
Xetra				
Trading platform T7 for Xetra/Eurex	0.4	0.8	0.2	0
CCP releases	1.0	1.4	0	0
Other Xetra software	2.5	2.8	0.2	0
	3.9	5.0	0.4	0
Clearstream				
Collateral Management and Settlement	48.3	62.1	20.5	26.9
Custody	27.3	16.2	16.7	10.5
Connectivity	21.2	21.5	10.4	5.8
Investment funds	3.4	2.0	1.6	0.7
	100.2	101.8	49.2	43.9
Market Data + Services	6.4	4.1	1.1	0.3
Research expense	2.5	2.3	0	0
Total	209.3	221.7	98.6	87.2

8 Net income from equity investments

Composition of net income from equity investments

	2015	2014
	(€m)	
Equity method-accounted result of associates and joint ventures		
EPEX Spot SE(1)	0	8.2
The Options Clearing Corporation	3.1	0
Tradegate AG Wertpapierhandelsbank	1.8	0.5
BrainTrade Gesellschaft für Börsensysteme mbH	0.3	0.3
Deutsche Börse Commodities GmbH	0.3	0.1
Digital Vega FX Ltd	0.2	0
LuxCSD S.A.	0.1	n.a.
European Market Coupling Company GmbH i.L.(1)	0	0.3
ID's SAS(2)	0	1.4
Total income from equity method measurement	5.8	10.8
Bondcube Limited	(5.4)	(0.5)
Zimory GmbH	(3.2)	(6.1)
Deutsche Börse Cloud Exchange AG	(3.1)	(1.4)
Global Markets Exchange Group International, LLP	(0.6)	(0.7)
R5FX Ltd	(0.4)	0
China Europe International Exchange AG	(0.2)	n.a.
Hanweck Associates, LLC(3)	(0.1)	0
Digital Vega FX Ltd	0	(0.1)
Total expenses from equity method measurement(4)	(13.0)	(8.8)
Net income from associates and joint ventures	(7.2)	2.0
Net income due to transition from equity method to consolidation	5.3(5)	10.6(6)
Net income from other equity investments	2.7	65.7
Net income from equity investments	0.8	78.3

Notes:

(1) Since European Energy Exchange AG was fully consolidated on 1 January 2014, company is recognised as associate, see also corporate report 2014, note 2.

(2) Deutsche Börse AG sold its investment stake in ID's SAS, effective 30 July 2014. Since then, the company has no longer been carried as an associate, see also corporate report 2014, note 2.

(3) Since November 2015, Hanweck Associates, LLC has no longer been carried as an associate, please refer to note 2.

(4) Including impairment losses

(5) Due to the change of status of EPEX Spost SE from an associated company to a fully consolidated company since 1 January 2015, see note 2.

(6) Due to the change of status of European Energy Exchange AG from an associated company to a fully consolidated company since 1 January 2014, see corporate report 2014, note 2.

Net income from associates includes €2.6 million in impairment losses (2014: €3.9 million) attributable to the investment in Zimory GmbH, Berlin, Germany. An additional €1.5 million (2014: nil) in impairment losses was incurred on the investment in Deutsche Börse Cloud Exchange AG, Eschborn, Germany, in which Zimory GmbH holds a 50.1 per cent. stake. The negative performance of the Zimory GmbH sub-group was due in particular to the loss of a large customer. The recoverable amount was determined on the basis of fair value less costs of disposal. It was calculated using net asset values (level 3 inputs). The impairment loss was recognised in the result from associates and is allocated to the Eurex segment.

Moreover, 2015 net income from associates includes €1.7 million in impairment losses recognised in expenses, due to the unsatisfactory financial performance of Bondcube Limited, registered in England and

8 Net income from equity investments (Continued)

Wales, United Kingdom. The recoverable amount, determined on the basis of fair value less selling costs, amounted to £1 million; this value was determined on the basis of net asset values (level 3 input factors). The impairment, which is attributed to the Xetra segment, was recorded in the result from associates.

Net income from other investments includes U.S.-$2.3 million in income related to the re-measurement in connection with the loss of significant influence over Hanweck Associates, LLC, USA. For details please refer to note 2.

During the year under review, the company received dividends of €0.9 million (2014: €7.4 million) from investments in associates, and €6.4 million (2014: €17.4 million) from other investments.

9 Financial result

Composition of financial income

	2015	2014 (restated)
	(€m)	
Other interest and similar income	17.5	7.3
Other interest income on receivables against customers classified as "loans and receivables"	2.1	0
Interest on bank balances classified as "loans and receivables"	0.8	0.1
Income from available-for-sale securities	0.6	1.1
Interest income from receivables against associates and employees classified as "loans and receivables"	0.2	0.2
Interest on reverse repurchase agreements classified as "loans and receivables"	0	0.1
Total	21.2	8.8

Composition of financial expense

	2015	2014 (restated)
	(€m)	
Interest on non-current loans(1)	49.6	42.1
Interest on taxes	6.3	6.4
Interest-equivalent expenses for derivatives held as hedging instruments	2.8	2.8
Other costs and interest-equivalent expenses(1)	1.4	1.1
Expenses from the unwinding of the discount on pension provisions	1.3	2.4
Transaction costs of non-current liabilities(1)	1.1	0.8
Interest-equivalent expenses from revaluation of contingent considerations	0.3	0.7
Interest expense from negative interests(1)	0.3	0
Interest on current liabilities(1)	0.3	0.4
Interest expense from available-for-sale securities(1)	0.2	0
Total	63.6	56.7

Note:

(1) Measured at amortised cost

10 Income tax expense

Composition of income tax expense (main components)

	2015	2014
	(€m)	
Current income taxes:		
of the reporting period	245.6	226.9
from prior periods	(1.4)	(4.6)
Deferred tax (income)/expense on temporary differences	3.2	(48.8)
Total	247.4	173.5

The total actual tax expenses in the amount of €244.2 million include domestic tax expenses of €180.3 million and foreign tax expenses of €63.9 million (2014: domestic tax expenses €151.5 million, foreign tax expenses €70.8 million). The total deferred tax expenses in the amount of €3.2 million include domestic tax income of €(8.8) million and foreign tax expenses of €12.0 million (2014: domestic tax income €(1.9) million, foreign tax income €(46.9) million).

Tax rates of 28 to 32 per cent. were used in the reporting period to calculate deferred taxes for the German companies. These reflect trade income tax at multipliers of 330 to 460 per cent. (2014: 280 to 460 per cent.) on the trade tax base amount of 3.5 per cent. (2014: 3.5 per cent.), corporation tax of 15 per cent. (2014: 15 per cent.) and the 5.5 per cent. solidarity surcharge (2014: 5.5 per cent.) on corporation tax.

A tax rate of 29.2 per cent. (2014: 29.2 per cent.) was used for the Luxembourg companies, reflecting trade income tax at a rate of 6.7 per cent. (2014: 6.7 per cent.) and corporation tax at 22.5 per cent. (2014: 22.5 per cent.).

Tax rates of 12.5 to 45 per cent. were applied to the companies in Australia, China, the Czech Republic, Ireland, Japan, Portugal, Singapore, Spain, Switzerland, the United Kingdom and the USA (2014: 12.5 to 45 per cent.).

The following table shows the carrying amounts of deferred tax assets and liabilities as well as the related tax expenses recognised in profit or loss or in other comprehensive income.

Composition of deferred taxes

	Deferred tax assets		Deferred tax liabilities		Exchange rate differences	Deferred tax expense/ (income)		Tax expense/ (income) recognised in other comprehensive income	
	2015	2014	2015	2014	2015	2015	2014	2015	2014
					(€m)				
Provisions for pensions and other employee benefits	56.8	53.7[1]	0	0	(0.4)	(2.8)	0.6	0.1[8]	(17.6)[8]
Other provisions	25.7[2]	21.6	0	0	(1.9)	(1.7)	(3.1)	0	0
Interest-bearing liabilities	9.1	2.9	0	0	0	(6.2)	(4.0)	0	0
Intangible assets	0	0	(38.3)[3]	(27.2)	0.5	7.3	7.3	0	0
Intangible assets from purchase price allocation	0	0	(396.0)[4]	(276.4)[5]	20.5	(15.0)	16.7	0	0
Non-current assets	8.8[6]	0.7	0	0	0	(2.6)	0.1	0	0
Investment securities	0	0	(40.7)	(32.8)[7]	3.0	1.6	3.2	3.3[8]	0.7[8]
Other non-current assets	1.7	2.3	0	0	0	0	0	0.6[8]	0.7[8]
Other liabilities	1.7	1.5	0	0	0	(0.2)	0.1	0	0
Losses carried forward	87.7[9]	99.6[10]	0	0	(9.8)	22.8	(69.7)	0	0
Exchange rate differences	0	0	(149.5)	(85.1)	0	0	0	64.4[11]	68.6[11]
Gross amounts	191.5	182.3	(624.5)	(421.5)	11.9	3.2	(48.8)	68.4	52.4
Deferred taxes set off	(43.2)	(42.0)	43.2	42.0	0	0	0	0	0
Total	148.3	140.3	(581.3)	(379.5)	11.9	3.2	(48.8)	68.4	52.4

Notes:

(1) Thereof €0.1 million due to acquisitions from business combinations relating to the initial consolidation of European Energy Exchange AG

10 Income tax expense (Continued)

(2) Thereof €0,5 million due to acquisitions from business combinations relating to the initial consolidation of European Energy Exchange AG

(3) Thereof €(3,3) million due to acquisitions from business combinations relating to the initial consolidation of 360T group

(4) Thereof €(114,1) million due to acquisitions from business combinations relating to the initial consolidation of European Energy Exchange AG and 360T group

(5) Thereof €(23.8) million due to acquisitions from business combinations relating to the initial consolidation of European Energy Exchange AG; €22.9 million were reclassified from "non-current assets" to "intangible assets from purchase price allocation"

(6) Thereof €5,5 million due to acquisitions from business combinations relating to the initial consolidation of European Energy Exchange AG

(7) €24.4 million were reclassified from "intangible assets from purchase price allocation" to investment securities

(8) Separate disclosure in the consolidated statement of changes in equity under "revaluation surplus"

(9) Thereof €1,1 million due to acquisitions from business combinations relating to the initial consolidation of European Energy Exchange AG

(10) Thereof €4.9 million due to acquisitions from business combinations relating to the initial consolidation of European Energy Exchange AG

(11) Separate disclosure in the consolidated statement of changes in equity under "accumulated profit"

Deferred tax liabilities have not been recognised in respect of the tax on future dividends that may be paid from retained earnings by subsidiaries and associated companies. In accordance with section 8b (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act), 5 per cent. of dividends and similar income received by German companies is treated as non-deductible expenses for tax purposes. There were no unrecognised deferred tax liabilities on future dividends of subsidiaries and associates as well as gains on the disposal of subsidiaries and associates in the reporting period (2014: €0.8 million).

Reconciliation from expected to reported tax expense

	2015	2014
	(€m)	
Expected income taxes derived from earnings before tax	247.1	250.5
Tax losses utilised and loss carryforwards not recognised for tax purposes	0.7	7.8
Recognition of deferred taxes in respect of unrecognised tax loss carryforwards	(7.5)	(55.0)
Tax increases due to other non-tax-deductible expenses	11.0	12.0
Effects of different tax rates	9.7	(6.6)
Effects from changes in tax rates	(0.1)	0
Tax decreases due to dividends and income from the disposal of equity investments	(13.7)	(31.5)
Exchange rate differences	0	0
Other	1.6	0.9
Income tax expense arising from current year	248.8	178.1
Prior-period income taxes	(1.4)	(4.6)
Income tax expense	247.4	173.5

To determine the expected tax expense, earnings before tax have been multiplied by the composite tax rate of 26 per cent. assumed for 2015 (2014: 26 per cent.).

At the end of the financial year, accumulated unused tax losses amounted to €60.6 million (2014: €51.7 million), for which no deferred tax assets were recognised. The unused tax losses are attributable to domestic losses totalling €3.8 million and to foreign tax losses totalling €56.8 million (2014: domestic tax losses €4.0 million, foreign tax losses €47.7 million). Tax losses of €0.7 million were utilised in 2015 (2014: €1.9 million).

The losses can be carried forward in Germany subject to the minimum taxation rules, and in Luxembourg indefinitely according to the current legal situation. Losses in other countries can be carried forward for periods of up to 20 years.

Consolidated balance sheet disclosures

11 Intangible assets

Intangible assets

	Purchased software	Internally developed software	Goodwill	Payments on account and construction in progress[1]	Other intangible assets	Total
			(€m)			
Historical cost as at 1 January 2014	204.1	655.7	2,053.3	85.2	1,888.6	4,886.9
Acquisitions through business combinations[2]	13.5	1.9	58.4	1.7	97.6	173.1
Additions	15.7	6.0	0	81.2	0	102.9
Disposals	(4.8)	(6.6)	0	(1.2)	0	(12.6)
Reclassifications	1.4	65.3	0	(66.7)	0	0
Exchange rate differences	0.8	4.8	124.0	0	188.2	317.8
Historical cost as at 31 December 2014	230.7	727.1	2,235.7	100.2	2,174.4	5,468.1
Acquisitions through business combinations[3]	0.3	15.3	554.2	0.8	359.6	930.2
Additions	13.5	7.0	0	91.6	0	112.1
Disposals	(1.0)	(1.1)	0	0	0	(2.1)
Reclassifications	1.0	37.7	0	(38.7)	0	0
Exchange rate differences	0.8	4.8	119.6	0.2	181.3	306.7
Historical cost as at 31 December 2015	245.3	790.8	2,909.5	154.1	2,715.3	6,815.0
Amortisation and impairment losses as at 1 January 2014	183.0	498.0	10.7	0	1,036.5	1,728.2
Amortisation	15.7	47.4	0	0	21.9	85.0
Disposals	(4.6)	(6.6)	0	0	0	(11.2)
Exchange rate differences	0.4	3.4	0	0	135.8	139.6
Amortisation and impairment losses as at 31 December 2014	194.5	542.2	10.7	0	1,194.2	1,941.6
Amortisation	16.3	52.7	0	0	33.3	102.3
Impairment losses	1.2	1.5	0	1.6	0	4.3
Disposals	(0.9)	(0.8)	0	0	0	(1.7)
Exchange rate differences	0.4	3.6	0	0	131.5	135.5
Amortisation and impairment losses as at 31 December 2015	211.5	599.2	10.7	1.6	1,359.0	2,182.0
Carrying amount as at 31 December 2014	36.2	184.9	2,225.0	100.2	980.2	3,526.5
Carrying amount as at 31 December 2015	33.8	191.6	2,898.8	152.5	1,356.3	4,633.0

Notes:

(1) Additions to payments on account and construction in progress in the year under review relate exclusively to internally developed software.

(2) This relates exclusively to additions within the scope of (i) full consolidation of European Energy Exchange AG, and (ii) of stakes acquired in Clearstream Global Securities Services Limited and Impendium Systems Ltd.

(3) This relates primarily to additions within the scope of the business combination with 360T Beteiligungs GmbH and its subsidiaries, as well as within the scope of first-time consolidation of Powernext SA, EPEX Spot group and APX Holding group; refer to note 2.

Software, payments on account and construction in progress

Additions to and reclassifications of software largely concern the development of a pan-European securities settlement platform (TARGET2-Securities—T2S) within the Clearstream segment, and the development of the risk management and clearing system (Eurex Clearing Prisma) as well as the T7 derivatives trading platform within the Eurex segment.

11 Intangible assets (Continued)

Carrying amounts of material software and construction in progress as well as remaining amortisation periods of software

	Carrying amount as at		Remaining amortisation period as at	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(€m)		(years)	
Eurex				
Derivatives trading platform T7	29.8	31.9	4.9–7.0	4.9–6.9
Eurex Clearing Prisma Release 1.0	29.0	13.6	2.3–6.5	5.3
ISE trading platform including applications	20.7	19.2	2.0–5.0	2.0–4.3
C7 Release 3.0	13.4	1.6	n.a.	n.a.
Eurex Clearing Prisma Release 2.0	12.1	11.9	6.4–6.9	7.0
Clearstream				
TARGET2-Securities	71.8	51.7	n.a.	n.a.
MALMO	20.8	15.5	5.0	n.a.
Single Network	10.1	7.5	n.a.	n.a.
1CAS Custody & Portal	9.6	0	n.a.	n.a.
GVAS	6.7	10.5	2.7	3.7

In addition to event-driven impairment tests on all intangible assets, intangible assets not yet available for use are tested for impairment at least annually. Impairment losses of €4.3 million needed to be recognised in 2015 (2014: nil).

Goodwill and other intangible assets from business combinations

Changes in goodwill and other intangible assets classified by business combinations

	ISE	Clearstream	360T	EEX	STOXX	Miscellaneous	Total
				(€m)			
Goodwill							
Balance as at 1 January 2015	1,043.6	1,063.8	0	33.3	32.6	51.7	2,225.0
Acquisitions through business combinations	0	0	529.0	0	0	25.2	554.2
Exchange rate differences	117.7	0	0	0	0	1.9	119.6
Balance as at 31 December 2015	**1,161.3**	**1,063.8**	**529.0**	**33.3**	**32.6**	**78.8**	**2,898.8**
Other intangible assets							
Balance as at 1 January 2015	440.9	0	0	71.9	441.6	25.8	980.2
Acquisitions through business combinations	0	0	252.2	0	0	107.4	359.6
Amortisation	(16.1)	0	(2.1)	(4.7)	(3.1)	(7.3)	(33.3)
Exchange rate differences	49.7	0	0	0	0	0.1	49.8
Balance as at 31 December 2015	474.5	0	250.1	67.2	438.5	126.0	1,356.3

11 Intangible assets (Continued)

Other intangible assets are divided into the following categories:

Changes in other intangible assets by category

	Exchange licences	Trade names	Member and customer relationships	Miscellaneous intangible assets	Total
			(€m)		
Balance as at 1 January 2015	122.9	428.3	421.8	7.2	980.2
Acquisitions through business combinations	0.2	27.8	331.3	0.3	359.6
Amortisation	0	(1.0)	(31.0)	(1.3)	(33.3)
Exchange rate differences	13.8	0.4	35.4	0.2	49.8
Balance as at 31 December 2015	136.9	455.5	757.5	6.4	1,356.3

Within the business combinations with Powernext SA and the EPEX Spot group (effective 1 January 2015), APX Holding group (effective 4 May 2015), and 360T group (effective 15 October 2015), Deutsche Börse Group also acquired other intangible assets besides goodwill. For details concerning their carrying amount at the time of acquisition as well as their useful lives, please refer to the tables in note 2 and note 3.

An impairment test is carried out, at least annually, concerning goodwill and certain other intangible assets with an indefinite useful life. Since these assets do not generate any cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit (CGU), or group of CGUs, that the respective asset is allocated to. The following table outlines the allocation of assets to the respective CGU:

Allocation of goodwill and other intangible assets with indefinite useful lifes to CGUs

	(Group of) cash generating unit(s)											
Asset	Eurex Core + ISE	Clearstream Core	Eurex Core	360T	EEX	MD+S segment	Fund Services	Börse Frankfurt Zertifikate	Infobolsa	ISE	STOXX	Total
						(€m)						
Goodwill												
International Securities Exchange	1,161.3	0	0	0	0	0	0	0	0	0	0	1,161.3
Clearstream	0	1,063.8	0	0	0	0	0	0	0	0	0	1,063.8
360T group[1]	0	47.3	292.5	189.2	0	0	0	0	0	0	0	529.0
European Energy Exchange	0	0	0	0	33.3	0	0	0	0	0	0	33.3
STOXX	0	0	0	0	0	32.6	0	0	0	0	0	32.6
Powernext/EPEX Spot group	0	0	0	0	18.4	0	0	0	0	0	0	18.4
Clearstream Global Securities Services	0	0	0	0	0	0	15.6	0	0	0	0	15.6
Impendium	0	0	0	0	0	10.7	0	0	0	0	0	10.7
Market News International	0	0	0	0	0	8.6	0	0	0	0	0	8.6
APX Holding group	0	0	0	0	6.6	0	0	0	0	0	0	6.6
Börse Frankfurt Zertifikate	0	0	0	0	0	0	0	4.6	0	0	0	4.6
Clearstream Fund Services	0	0	0	0	0	0	4.0	0	0	0	0	4.0
Need to Know News	0	0	0	0	0	3.6	0	0	0	0	0	3.6
Open Finance	0	0	0	0	0	0	0	0	3.1	0	0	3.1
Infobolsa	0	0	0	0	0	0	0	0	2.9	0	0	2.9
Kingsbury	0	0	0	0	0	0.5	0	0	0	0	0	0.5
Indexium	0	0	0	0	0	0.2	0	0	0	0	0	0.2
Exchange licences												
International Securities Exchange	0	0	0	0	0	0	0	0	0	136.2	0	136.2
European Energy Exchange	0	0	0	0	0.3	0	0	0	0	0	0	0.3
Börse Frankfurt Zertifikate	0	0	0	0	0	0	0	0.2	0	0	0	0.2
Powernext/EPEX Spot group	0	0	0	0	0.1	0	0	0	0	0	0	0.1
APX Holding group	0	0	0	0	0.1	0	0	0	0	0	0	0.1
Trade names												
STOXX	0	0	0	0	0	0	0	0	0	0	420.0	420.0
360T group	0	0	0	19.9	0	0	0	0	0	0	0	19.9
Powernext/EPEX Spot group	0	0	0	0	7.2	0	0	0	0	0	0	7.2
European Energy Exchange	0	0	0	0	5.8	0	0	0	0	0	0	5.8

Note:

(1) Preliminary allocation

11 Intangible assets (Continued)

The recoverable amounts of the CGUs with allocated goodwill are based either on their values in use or on their fair value less costs of disposal, depending on the respective unit. The other value is calculated only in cases in which one of these values (value in use or fair value less costs of disposal) does not exceed the carrying amount. Since there is no active market for the CGUs, the discounted cash flow method is used to calculate both value in use and fair value less costs of disposal. The inputs used are Level 3 inputs in all cases.

Key assumptions used to determine the recoverable amount depend upon the respective CGU, or group of CGUs. Individual costs of capital are determined for each CGU, or group of CGUs, for the purpose of discounting projected cash flows. These capital costs are based on data incorporating beta factors, borrowing costs, as well as the capital structure of the respective peer group. Pricing, trading volumes, assets under custody, market share assumptions or general business development assumptions are based on past experience or market research. Other key assumptions are mainly based on external factors and generally correspond to internal management planning. Significant macroeconomic indicators include equity index levels, volatility of equity indices, as well as interest rates, exchange rates, GDP growth, unemployment levels and government debt. When calculating value in use, the projections are adjusted for the effects of future restructurings and cash outflows to enhance the asset's performance investments, if appropriate.

The following tables indicate material assumptions used for impairment tests for the years 2015 and 2014:

Key assumptions used for impairment tests in 2015

						CAGR[1]	
	Recoverable amount	**Risk-free interest rate**	**Market risk premium**	**Discount rate**	**Perpetuity growth rate**	**Net revenue**	**Operating costs[2]**
				(%)			
(Group of) cash-generating unit(s)							
Eurex Core + ISE	fair value less costs of disposal	1.2	6.5	9.3 (after-tax)	1.0	6.7	3.4
Clearstream Core	value in use	1.2	6.5	11.0 (pre-tax)	1.5	3.0	4.3
Eurex Core	fair value less costs of disposal	1.2	6.5	9.3 (after-tax)	1.0	7.1	3.7
360T	fair value less costs of disposal	1.2	6.5	8.7 (after-tax)	2.5	18.9	17.5
EEX	fair value less costs of disposal	1.1	6.5	9.3 (after-tax)	1.0	2.8	1.6
MD+S segment	fair value less costs of disposal	1.1	6.5	8.5 (after-tax)	2.0	3.9	2.4
Fund Services	fair value less costs of disposal	1.2	6.5	12.7 (after-tax)	2.0	11.6	8.9
Börse Frankfurt Zertifikate	fair value less costs of disposal	1.1	6.5	12.8 (after-tax)	2.0	1.5	2.2
Infobolsa	fair value less costs of disposal	1.2	6.5	9.6 (after-tax)	2.5	3.1	1.9
ISE	value in use	2.8	6.5	14.1 (pre-tax)	2.5	1.4	0.8
STOXX	fair value less costs of disposal	1.1	6.5	9.5 (after-tax)	2.0	10.3	3.7

Notes:

(1) CAGR = compound annual growth rate

(2) Without depreciation, amortisation and impairment losses

11 Intangible assets (Continued)

Key assumptions used for impairment tests in 2014

	Recoverable amount	Risk-free interest rate	Market risk premium	Discount rate	Perpetuity growth rate	CAGR[1] Net revenues	CAGR[1] Operating costs[2]
				(%)			
(Group of) cash-generating unit(s)							
Eurex Core + ISE	value in use	1.2	6.5	12.6 (after-tax)	1.0	2.2	1.5
Clearstream Core	value in use	1.2	6.5	12.0 (pre-tax)	1.5	5.1	(0.9)
EEX	fair value less costs of disposal	1.2	6.5	9.6 (after-tax)	2.0	1.5	(1.9)
MD+S segment	fair value less costs of disposal	1.7	6.5	9.0 (after-tax)	2.0	2.8	1.6
Fund Services	fair value less costs of disposal	1.2	6.5	13.2 (after-tax)	2.5	24.6	10.3
Börse Frankfurt Zertifikate	fair value less costs of disposal	1.7	6.5	13.6 (after-tax)	2.0	2.0	6.5
Infobolsa	fair value less costs of disposal	1.7	6.5	9.0 (after-tax)	2.0	6.9	5.7
ISE	value in use	2.5	6.5	15.3 (pre-tax)	2.5	1.1	(0.2)
STOXX	fair value less costs of disposal	1.7	6.5	10.0 (after-tax)	2.0	6.6	8.5

Notes:

(1) CAGR = compound annual growth rate

(2) Without depreciation, amortisation and impairment losses

In the event of a change to said parameters (which is considered possible), the following CGUs, or groups of CGUs, would be impaired in the following amounts:

Sensitivity analysis

	Excess of recoverable amount over carrying amount	Potential impairment after adjustment of parameters[1] Growth rate perpetuity	WACC	Net revenue	Operating costs[2]
	(€m)		(%)		
(Group of) cash-generating unit(s)					
Infobolsa	1.4	1.2	10.5	2.8	2.2
ISE	97.4	n.a.	n.a.	(0.9)	n.a.

Notes:

(1) Each of the sensitivity parameters shown is calculated by adjusting one parameter, assuming all other parameters within the valuation model remain constant. Any possible correlation amongst parameters will thus remain unaccounted for.

(2) Excluding depreciation, amortisation and impairment losses

12 Property, plant and equipment

Property, plant and equipment

	Fixtures and fittings	Computer hardware, operating and office equipment	Payments on account and construction in progress	Total
		(€m)		
Historical costs as at 1 January 2014	77.3	328.5	0.1	405.9
Acquisitions through business combinations	0.5	2.0	0	2.5
Additions	4.6	24.9	1.1	30.6
Disposals	(4.4)	(35.8)	0	(40.2)
Exchange rate differences	1.9	2.8	0	4.7
Historical costs as at 31 December 2014	79.9	322.4	1.2	403.5
Acquisitions through business combinations	0.8	2.3	2.0	5.1
Additions	8.1	32.0	2.2	42.3
Disposals	0	(11.3)	(2.7)	(14.0)
Reclassifications	0.2	1.9	(2.1)	0
Exchange rate differences	1.6	2.7	0.1	4.4
Historical costs as at 31 December 2015	90.6	350.0	0.7	441.3
Depreciation and impairment losses as at 1 January 2014	40.0	258.6	0	298.6
Amortisation	5.5	34.3	0	39.8
Disposals	(4.3)	(34.9)	0	(39.2)
Exchange rate differences	1.3	2.1	0	3.4
Depreciation and impairment losses as at 31 December 2014	42.5	260.1	0	302.6
Amortisation	6.8	30.4	0	37.2
Disposals	0	(11.2)	0	(11.2)
Exchange rate differences	1.0	2.0	0	3.0
Depreciation and impairment losses as at 31 December 2015	50.3	281.3	0	331.6
Carrying amount as at 31 December 2014	37.4	62.3	1.2	100.9
Carrying amount as at 31 December 2015	40.3	68.7	0.7	109.7

13 Financial investments

Financial assets

	Investments in associates and joint ventures	Other equity investments	Receivables and securities from banking business	Other financial instruments and loans
		(€m)		
Historical cost as at 1 January 2014	167.0	56.6	1,176.0	29.5
Acquisition through business combinations	(53.0)	0.2	0	0
Additions	13.6	70.0	328.6	4.8
Disposals	(1.8)	0	0	(6.2)
Addition/(reversal) premium/discount	0	0	(0.6)	0
Reclassifications	(14.5)	12.6	(202.1)[(1)]	0
Exchange rate differences	0.6	8.1	0	1.4
Historical cost as at 31 December 2014	111.9	147.5	1,301.9	29.5
Acquisitions from business combinations	(67.7)	0	0	(6.4)
Additions	14.1	29.8	771.5	14.3

13 Financial investments (Continued)

	Investments in associates and joint ventures	Other equity investments	Receivables and securities from banking business	Other financial instruments and loans
		(€m)		
Disposals	(0.1)	(17.9)	0	(5.2)
Addition/(reversal) premium/discount	0	0	(1.7)	0
Reclassifications	(3.5)	4.0	(62.2)[(1)]	(0.3)
Exchange rate differences	0.4	7.5	6.8	2.1
Historical cost as at 31 December 2015	55.1	170.9	2,016.3	34.0
Revaluation as at 1 January 2014	16.4	(32.7)	2.3	(3.5)
Acquisition through business combinations	(28.1)	0	0	0
Disposals of impairment losses	(0.3)	0	0	0
Dividends	(7.4)	0	0	0
Net income from equity method measurement	4.6	0	0	0
Currency translation differences recognised in equity	0	4.7	0	0.1
Currency translation differences recognised in profit or loss	(0.2)	0	0	0
Other fair value changes recognised in equity	(1.3)	1.0	0	0
Other fair value changes recognised in profit or loss	10.6	46.3	0	0
Market price changes recognised in other comprehensive income	0	0	0.9	0.2
Market price changes recognised in profit or loss	(3.9)	0	0	(0.1)
Reclassifications	1.9	0	(0.1)[(1)]	0
Revaluation as at 31 December 2014	(7.7)	19.3	3.1	(3.3)
Acquisitions from business combinations	(6.6)	0	0	6.4
Disposals of impairment losses	0	16.6	0	(3.2)
Dividends	(0.9)	0	0	0
Net income from equity method measurement	(1.3)	0	0	0
Currency translation differences recognised in equity	0.3	4.4	0	0
Currency translation differences recognised in profit or loss	(0.3)	0	0	(0.7)
Other fair value changes recognised in equity	0	9.2	0	0
Other fair value changes recognised in profit or loss	5.3	(0.6)	0	0
Market price changes recognised in other comprehensive income	0	0	(0.8)	0.3
Market price changes recognised in profit or loss	(5.8)	0	0	(1.0)
Reclassifications	0.4	(0.4)	0	0
Revaluation as at 31 December 2015	(16.6)	48.5	2.3	(1.5)
Carrying amount as at 31 December 2014	104.2	166.8	1,305.0	26.2
Carrying amount as at 31 December 2015	38.5	219.4	2,018.6	32.5

Note:

(1) Reclassified as current receivables and securities from banking business

The investments in associates and joint ventures include interests in associates with a carrying amount of €38.5 million (2014: €102.2 million) and interests in joint ventures with a carrying amount of €nil (2014: €2.0 million). In financial year 2015, proportionate losses with an amount of €nil (2014: €0.5 million) were not recognised for associates accounted for using the equity method. Indexium AG has been consolidated

13 Financial investments (Continued)

since 31 July 2015; as a result, there were no unrecognised losses as at 31 December 2015 (2014: €1.6 million).

As in the previous year, "other financial instruments and loans" include securities with a fair value of €5.0 million pledged to the Industrie- und Handelskammer (IHK, the Chamber of Commerce) Frankfurt.

In connection with obtaining control over EPEX Spot SE (2014: European Energy Exchange AG) as from 1 January 2015, the shares, which had been held under shares in associates until 31 December 2014, were remeasured and the resulting effect of €5.3 million (2014: €10.6 million) is recognised in net income from equity investments in the financial year 2015.

For details on revaluations and market price changes recognised in other comprehensive income, see also note 20. Other equity investments include available-for-sale shares.

In the reporting period, impairment losses amounting to €5.8 million (2014: €3.9 million) were recognised for associates and joint ventures in the income statement. These impairment losses related to unlisted equity instruments. See note 8 for further details.

Composition of receivables and securities from banking business

	31 December 2015	31 December 2014
	(€m)	
Fixed-income securities		
issued by regional or local public bodies	498.0	209.3
issued by other public bodies	955.4	607.9
issued by multilateral banks	487.3	487.8
issued by supranational issuers	77.9	0
Total	2,018.6	1,305.0

Securities from banking business include financial instruments listed on a stock exchange amounting to €2,018.6 million (2014: €1,305.0 million).

14 Derivatives and hedges

Deutsche Börse Group generally uses derivative financial instruments to hedge existing or highly probable forecast transactions. The derivatives are included in the items "receivables from banking business", "liabilities from banking business" and "other current liabilities".

Derivatives (fair value)

		Assets			Liabilities	
	Note	31 December 2015	31 December 2014	Note	31 December 2015	31 December 2014
		(€m)			(€m)	
Derivatives held for trading						
short-term	16	23.3	34.4	28, 30	(18.6)	(6.4)
Total		23.3	34.4		(18.6)	(6.4)

Fair value hedges

No financial instruments designated as fair value hedges were outstanding as at 31 December 2015 and 2014.

Cash flow hedges

In 2015, Deutsche Börse AG entered into a cash flow hedge to eliminate the foreign exchange risk associated with the purchase amount of CHF650 million to be paid in order to acquire the outstanding

14 Derivatives and hedges (Continued)

interest in STOXX Ltd and Indexium AG. The forward transaction was designated to hedge the FX fluctuation after having successfully negotiated the main terms of the purchase contract. The forward transaction was settled on 31 July 2015, the date when the share purchase of STOXX Ltd. and Indexium AG was also settled. No further cash flow hedges were entered into in 2015 and 2014.

Changes in cash flow hedges

	2015	2014
	(€m)	
Cash flow hedges as at 1 January	0	0
Amount recognised in other comprehensive income during the year	(8.9)	0
Closed-out	8.9	0
Cash flow hedges as at 31 December	0	0

Hedges of a net investment

In connection with the private placements in the USA, the series A to C bonds were designated as hedges against currency risk arising from the translation of the foreign functional currency U.S. dollar into euros in order to hedge the net investment in the ISE subgroup. The series A bonds matured in 2015.

Composition of private placements

Type	Issue volume	Equivalent 31 December 2015	31 December 2014	At date of issue	Term from	until
	(U.S.$m)		(€m)			
Series A	0	0	139.8	110.2	12 June 2008	10 June 2015
Series B	220.0	201.4	181.0	142.7	12 June 2008	10 June 2018
Series C	70.0	64.1	57.6	45.4	12 June 2008	10 June 2020
Total	290.0	265.5	378.4	298.3		

The series B and C bonds are shown under "interest bearing liabilities".

Effective exchange rate differences from the private placements are reported in the balance sheet item "accumulated profit", as are exchange rate differences from the translation of foreign subsidiaries.

A cumulative amount of €120.9 million (2014: €79.9 million) has been recognised in this item in other comprehensive income. There was no ineffectiveness in the net investment hedges in 2015 and 2014.

Derivatives held for trading

Currency swaps as at 31 December 2015 expiring in less than three months with a notional value of €2,621.4 million (2014: €1,764.4 million) had a negative fair value of €12.4 million and a positive fair value amounting to €23.3 million (2014: negative fair value of €0.5 million and a positive fair value amounting to €34.4 million). These swaps were entered into to convert foreign currencies received through the issuance of commercial paper by the banking business into euros, and to economically hedge short-term foreign currency receivables and liabilities in euros. These are reported under "current receivables and securities from banking business" and "liabilities from banking business" in the balance sheet (see also notes 16 and 28).

14 Derivatives and hedges (Continued)

Derivatives transactions: outstanding positions (currency swaps)

		Foreign exchange swaps	
		31 December 2015	31 December 2014
Quantity		60	28
Notional value	€m	2,621.4	1,764.4
Positive fair value	€m	23.3	34.4
Negative fair value	€m	(12.4)	(0.5)

Eurex Clearing AG has made support payments to some customers. The repayment of these amounts is contingent on the satisfaction of certain criteria. Eurex Clearing AG recognises embedded derivatives separately from the host contract. The derivatives amounting to €6.2 million (2014: €5.9 million) are classified as held for trading and are shown under "other current liabilities".

15 Financial instruments held by central counterparties

Composition of financial instruments held by central counterparties

	31 December 2015	31 December 2014
	(€m)	
Repo transactions	111,919.0	156,856.7
Options	21,413.7	19,114.4
Others	132.1	165.7
Total	133,464.8	176,136.8
thereof non-current	7,175.2	5,885.8
thereof current	126,289.6	170,251.0

The aggregate financial instruments held by central counterparties are classified into current and non-current in the balance sheet. Receivables and liabilities that may be offset against a clearing member are reported on a net basis. Financial liabilities of €283.1 million (2014: €1,249.1 million) were eliminated because of intra-Group GC Pooling transactions.

The following table gives an overview of the effects of offsetting the financial instruments held by central counterparties:

Gross presentation of offset financial instruments held by central counterparties[(1)]

	Gross amount of financial instruments		Gross amount of offset financial instruments		Net amount of financial instruments	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
			(€m)			
Financial assets from repo transactions	135,158.4	178,686.9	(23,239.4)	(21,830.2)	111,919.0	156,856.7
Financial liabilities from repo transactions	(134,875.3)	(177,437.8)	23,239.4	21,830.2	(111,635.9)	(155,607.6)
Financial assets from options	67,288.1	64,056.8	(45,874.4)	(44,942.4)	21,413.7	19,114.4
Financial liabilities from options	(67,288.1)	(64,056.8)	45,874.4	44,942.4	(21,413.7)	(19,114.4)

Note:

(1) The collateral deposited by clearing members cannot be attributed directly to the individual transactions. For information on the composition of collateral, see note 36.

16 Current receivables and securities from banking business

In addition to non-current receivables and securities from banking business that are classified as non-current financial assets (see note 13), the following receivables and securities from banking business, attributable solely to the Clearstream subgroup, were classified as current assets as at 31 December 2015.

Composition of current receivables and securities from banking business

	31 December 2015	31 December 2014
	(€m)	
Loans to banks and customers		
Reverse repurchase agreements	5,217.4	6,952.4
Balances on nostro accounts	736.8	357.5
Money market lendings	3,714.5	1,949.0
Margin calls	6.8	18.0
Overdrafts from settlement business	378.8	339.3
	10,054.3	9,616.2
Available-for-sale debt instruments	64.1	656.3
Forward foreign exchange transactions(1)	24.5	34.6
Total	10,142.9	10,307.1

Note:

(1) See note 14.

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. Potential concentrations of credit risk are monitored for counterparty credit limits (see note 36).

Remaining maturity of loans to banks and customers

	31 December 2015	31 December 2014
	(€m)	
Not more than 3 months	9,853.4	9,616.2
3 months to 1 year	200.9	0
Total	10,054.3	9,616.2

All of the securities held as at 31 December 2015 and 2014 were listed and issued by sovereign or sovereign-guaranteed issuers.

Remaining maturity of available-for-sale debt instruments

	31 December 2015	31 December 2014
	(€m)	
Not more than 3 months	11.8	419.2
3 months to 1 year	52.3	237.1
Total	64.1	656.3

17 Changes in valuation allowance on trade receivables

As in the previous year, there were no trade receivables due after more than one year as at 31 December 2015.

17 Changes in valuation allowance on trade receivables (Continued)

Allowance account

	(€m)
Balance as at 1 January 2014	9.6
Additions	2.1
Acquisitions from business combinations	0.1
Utilisation	(0.1)
Reversal	(4.1)
Balance as at 31 December 2014	7.6
Additions	1.5
Acquisitions from business combinations	0.2
Utilisation	0
Reversal	(3.0)
Balance as at 31 December 2015	6.3

Uncollectible receivables of €1.4 million (2014: €2.3 million) for which no valuation allowances had been recognised in prior periods were written off in the reporting period.

18 Other current assets

Composition of other current assets

	31 December 2015	31 December 2014
	(€m)	
Other receivables from CCP transactions	889.3	464.5
Tax receivables (excluding income taxes)	64.1	42.6
Prepaid expenses	26.3	24.9
Interest receivable	25.8	1.2
Incentive programme	3.5	3.5
Claims against insurance companies	2.2	8.8
Guarantees and deposits	1.6	1.7
Creditors with debit balances	1.4	1.1
Miscellaneous	8.1	6.0
Total	1,022.3	554.3

19 Restricted bank balances

Amounts reported separately under liabilities as cash deposits by market participants are restricted.

Such amounts are mainly invested via bilateral or triparty reverse repurchase agreements and in the form of overnight deposits at banks (restricted bank balances). Government or government-guaranteed bonds with an external rating of at least AA− are accepted as collateral for the reverse repurchase agreements. Reported restricted bank balances total €26,870 million (2014: €22,283.5 million).

20 Equity

Changes in equity are presented in the consolidated statement of changes in equity. As at 31 December 2015, the number of no-par value registered shares of Deutsche Börse AG in issue was 193,000,000 (31 December 2014: 193,000,000).

20 Equity (Continued)

Subject to the agreement of the Supervisory Board, the Executive Board is authorised to increase the subscribed share capital by the following amounts:

Composition of authorised share capital

	Amount in €	Date of authorisation by the shareholders	Expiry date	Existing shareholders' pre-emptive rights may be disapplied for fractioning and/or may be disapplied if the share issue is:
Authorised share capital I . . .	5,200,000	12 May 2011	11 May 2016	• against non-cash contributions for the purpose of acquiring companies, parts of companies, or interests in companies, or other assets.
Authorised share capital II[1] .	19,300,000	13 May 2015	12 May 2020	• for cash at an issue price not significantly lower than the stock exchange price, up to a maximum amount of 10 per cent of the nominal capital. • against non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets.
Authorised share capital III[1]	38,600,000	13 May 2015	12 May 2020	n.a.
Authorised share capital IV . .	6,000,000	16 May 2012	15 May 2017	• for the issuance of up to 900,000 new shares per year to Executive Board members and employees of the company, as well as to the management and employees of affiliated companies within the meaning of sections 15ff. of the AktG.

Note:

(1) Shares may only be issued, excluding shareholders pre-emptive subscription rights, provided that the aggregate amount of new shares issued excluding shareholders' pre-emptive rights during the term of the authorisation (including under other authorisations) does not exceed 20 per cent. of the issued share capital.

Contingent capital

In accordance with the resolution by the Annual General Meeting on 15 May 2014, the Executive Board was authorised, subject to the approval of the Supervisory Board, to issue on one or more occasions in the period up to 14 May 2019 convertible bonds and/or bonds with warrants or a combination of such instruments in a total nominal amount of up to €2,500,000,000 with or without maturity restrictions, and to grant the holders or creditors of these bonds conversion or option rights to new no-par value registered shares of Deutsche Börse AG with a proportionate interest in the share capital totalling up to €19,300,000, as specified in more detail in the terms and conditions of the convertible bonds or in the terms and conditions of the warrants attaching to the bonds with warrants.

The Executive Board is authorised, subject to the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights to bonds with conversion or option rights to shares of Deutsche Börse AG in the following cases: (i) to eliminate fractions, (ii) if the issue price of a bond does not fall materially short of the theoretical fair value determined in accordance with recognised financial techniques and the total number of shares attributable to these bonds does not exceed 10 per cent. of the share capital, (iii) to

20 Equity (Continued)

grant the holders of conversion or option rights to shares of Deutsche Börse AG options as compensation for dilutive effects to the same extent as they would be entitled to receive after exercising these rights.

The bonds may also be issued by companies based in Germany or abroad that are affiliated with Deutsche Börse AG within the meaning of sections 15ff. of the Aktiengesetz (AktG, German Stock Corporation Act). Accordingly, the share capital was contingently increased by up to €19,300,000 (contingent capital 2014). To date, the authorisation to issue convertible bonds and/or bonds with warrants has not been exercised.

There were no further rights to subscribe for shares as at 31 December 2015 or 31 December 2014.

Revaluation surplus

The revaluation surplus results from the revaluation of securities and other current and non-current financial instruments at their fair value net of deferred taxes. This item also includes reserves from an existing investment in an associate; these reserves were recognised in connection with the acquisition of further shares, as the company was consolidated at that date. Actuarial gains and losses for defined benefit obligations are also directly recognised in revaluation surplus.

	Recognition of hidden reserves from fair value measurement	Other equity investments (financial assets)	Securities from banking business (financial assets)	Other financial instruments (financial assets)	Current securities from banking business	Cash flow hedges	Defined benefit obligations	Total
				(€m)				
Balance as at 1 January 2014 (gross)	103.7	0.7	2.8	0.9	(0.1)	(11.7)	(93.6)	2.7
Changes from defined benefit obligations	0	0	0	0	0	0	(66.1)	(66.1)
Fair value measurement	0	1.0	0.9	0.2	(0.2)	0	0	1.9
Reclassifications	0	0	(0.2)	0	0.2	0	0	0
Reversal to profit or loss	0	0	0	0	0	2.7	0	2.7
Balance as at 31 December 2014 (gross)	103.7	1.7	3.5	1.1	(0.1)	(9.0)	(159.7)	(58.8)
Changes from defined benefit obligations	0	0	0	0	0	0	3.2	3.2
Fair value measurement	0	9.1	(1.1)	0.4	0.2	(8.9)	0	(0.3)
Reclassifications	0	0	0	0	0	8.9	0	8.9
Reversal to profit or loss	0	0	0	0	0	2.8	0	2.8
Balance as at 31 December 2015 (gross)	103.7	10.8	2.4	1.5	0.1	(6.2)	(156.5)	(44.2)
Deferred taxes								
Balance as at 1 January 2014	0	(0.3)	(1.1)	0	0	3.1	25.0	26.7
Additions	0	0	0	0	0	0	17.6	17.6
Reversals	0	(0.2)	(0.2)	(0.3)	0	(0.7)	0	(1.4)
Balance as at 31 December 2014	0	(0.5)	(1.3)	(0.3	0	2.4	42.6	42.9
Additions	0	0	0.6	0	0	0	0	0.6
Reversals	0	(3.7)	0	(0.1)	0	(0.7)	(0.1)	(4.6)
Balance as at 31 December 2015	0	(4.2)	(0.7)	(0.4)	0	1.7	42.5	38.9
Balance as at 1 January 2014 (net)	103.7	0.4	1.7	0.9	(0.1)	(8.6)	(68.6)	29.4
Balance as at 31 December 2014 (net)	103.7	1.2	2.2	0.8	(0.1)	(6.6)	(117.1)	(15.9)
Balance as at 31 December 2015 (net)	103.7	6.6	1.7	1.1	0.1	(4.5)	(114.0)	(5.3)

Accumulated profit

The "accumulated profit" item includes exchange rate differences amounting to €296.5 million (2014: €166.9 million). €170.6 million was added due to currency translation for foreign subsidiaries in the reporting period (2014: €171.8 million) and €41.0 million was withdrawn relating to a net investment hedge that was used to hedge the net investment in ISE against currency risk (2014: €44.3. million).

Regulatory capital requirements and regulatory capital ratios

As in the past, Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG, in their capacity as credit institutions, are subject to solvency supervision by the German or Luxembourg banking supervisory authorities (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin, and Commission de

20 Equity (Continued)

Surveillance du Secteur Financier, CSSF, respectively). The same applies to the Clearstream Holding group at the level of the supervisory group.

As in the previous year, Eurex Bonds GmbH and Eurex Repo GmbH are subject to specific provisions applicable to certain investment firms under BaFin solvency supervision.

With the admission as an "Authorised Clearing House" (ACH) by the Monetary Authority of Singapore (MAS) on 8 July 2015, Eurex Clearing Asia Pte. Ltd. has become subject to capital requirements according to the Securities and Futures Act (Singapore) and other specific MAS requirements. However, the majority of these requirements will only become materially effective with the commencement of operations, which is currently scheduled for 2017.

Since the authorisation of both Eurex Clearing AG and European Commodity Clearing AG as central counterparties under the provisions of Regulation (EU) No 648/2012 (EMIR) in 2014, these companies have been subject to the capital requirements under Article 16 of EMIR. These requirements apply to Eurex Clearing AG in parallel to the solvency supervision requirements applicable to credit institutions, and the higher requirement has to be met in each case. Irrespective of its status as a specialist credit institution according to German law, European Commodity Clearing AG is only subject to EMIR capital requirements.

The EMIR capital requirements for central counterparties are in large part based on the EU own funds requirements for credit institutions (see below), but the detail differs both in relation to the capital components and the capital requirement components and capital deduction items. Moreover, EMIR does not specify any capital buffers such as those introduced by CRD IV/CRR for banks.

Since 1 January 2014, the capital requirements for credit institutions have been primarily subject to the EU-wide requirements of Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) as well as the supplementary national regulations implementing the EU Capital Requirements Directive 2013/36/EU (CRD IV), which implemented the "Basel III" rules into European law.

All companies that are directly or indirectly (i.e. by means of EMIR requirements) subject to the CRR capital requirements, are exempted from compliance with trading book requirements. Market risk exposures consist only of a relatively small open foreign currency positions. The companies concerned uniformly apply the standardised approach for credit risk. As a result of the specific business of the credit institutions and central counterparties belonging to the Group, their recognised assets are subject to sharp fluctuations. This leads to correspondingly volatile solvency ratios at the Clearstream companies. The volatility of the ratio is subject to major fluctuations on a day-to-day basis in the course of the year. Due to a high degree of collateralised or zero-weighted cash investments, the capital requirements for credit and market risk exposures of Eurex Clearing AG and European Commodity Clearing AG are relatively stable despite volatile total assets in the course of the year.

To calculate the operational risk charge, Eurex Clearing AG and European Commodity Clearing AG use the basic indicator approach, while the Clearstream companies apply the advanced measurement approach (AMA).

Due to the specific arrangements for the two investment firms, Eurex Repo GmbH and Eurex Bonds GmbH, no explicit own funds requirements for operational risk are determined in accordance with Article 95 of the CRR. Instead, the total own funds requirement is determined on the basis of the higher capital requirement amount for credit and market risk on the one hand and 25 per cent. of fixed overheads on the other. Since the credit and market risks are low, the relevant criterion for both companies is the capital requirement on the basis of overhead costs.

None of the Group companies subject to solvency supervision has material Tier 2 regulatory capital.

A minimum solvency ratio of 8 per cent. applies in principle to the credit institutions subject to the CRR. CRD IV introduced various capital buffers, which the supervised (credit) institutions generally have to meet over and above the minimum solvency ratio of 8 per cent., although they may temporarily fall below these levels. These buffers are being introduced in stages, depending on the economic environment and systemic risk components Since 2014, CSSF has imposed a standard capital conservation buffer of 2.5 per

20 Equity (Continued)

cent. of Tier 1 capital on all Luxembourg credit institutions; this arrangement represents a departure from the general transitional provisions of CRD IV. This means that the minimum solvency ratio is 10.5 per cent. Other than the buffer imposed by CSSF on all Luxembourg credit institutions, the Group's regulated companies were not subject to any CRD IV capital buffers in 2015.

The individual companies' capital resources sufficiently reflect the fluctuation in risk-weighted assets. Stress considerations are used to determine the capital required for expected peaks and additional reserves for unexpected events are added. In addition, buffers are taken into account that cover the recovery indicators specified in the recovery plans and thus prevent recovery scenarios from being triggered even for peak own funds and capital requirements. The own funds and capital requirements determined in this way will be met on the basis of medium-term capital planning. As the actual own funds and capital requirements are below the expected peaks—significantly so under normal circumstances—this may lead to a very high solvency ratio or EMIR capital cover, especially at the closing date.

The capital requirements of the Clearstream companies rose in the reporting period. This was mainly driven by further increases in capital requirements for operational risk. The AMA model was adjusted in some areas, thus also fine-tuning the allocation of risks among Clearstream Banking S.A. and Clearstream Banking AG. Moreover, new operational risks arising from the first-time consolidation of the IFS business in Cork were accounted for; the weaker euro/U.S. dollar exchange rate in particular led to increased compliance and legal risks. Due to the fact that certain quantitative data was not yet fully available, the supervisory authorities determined that a temporary add-on (equivalent to 10 per cent. of calculated capital requirements) be applied. Capital requirements for credit risks increased, particularly on the level of Clearstream Banking AG (and hence, at Clearstream Holding group level), due to the substantial drawdown of settlement loans by clients on the balance sheet data. Even though these claims are generally collateralised, collateral pledged in this respect is not applied when calculating capital requirements, for reasons of simplicity

The Clearstream Holding group already responded to the increased own funds requirements in the past by launching a programme to strengthen its capital base; this programme continued in 2015. Further measures are planned for the coming years in the context of medium-term capital planning. In 2015, the Group's capital base was boosted by retaining profits at different companies, as well as through contributions to capital reserves at Clearstream Banking S.A. and Clearstream Banking AG.

In the medium to long term, the Clearstream Holding group expects a moderate increase in own funds requirements to arise at supervisory group level from the CRD IV capital buffers, which are being increased in stages, and from the future applicability of capital requirements based on the CSD regulation. The following factors may lead to additional capital requirements in the future:

- the ongoing debate about the capital requirements for systemically important institutions (banks and financial market infrastructures)
- the introduction of minimum requirements for equity and eligible liabilities (MREL) as a result of Directive 2014/59/EU.
- the ongoing revision of capital requirements for credit, market, and operational risks, as well as the introduction of additional components requiring capital backing for the purposes of solvency regulation (e.g. interest rate risks in the banking book), which are currently being prepared, or have already partially been developed, by the BCBS.

At present, no institution within Deutsche Börse Group has been classified as a systemically important institution (global or otherwise), as defined by the CRD IV. Regardless of the systemic importance of Deutsche Börse Group's institutions, in their capacity as financial market infrastructure entities, this classification (which is in line with the "less significant" classification under the SSM Regulation) is a consequence of the Basel III/CRD IV framework being focused on traditional banks. The systemic importance of banks within Deutsche Börse Group, and of Clearstream Holding Group, on a consolidated level is evident in the ongoing supervision, and in the way these institutions are being treated for the purposes of recovery and resolution planning, where these institutions are treated analogously to system-relevant banks.

20 Equity (Continued)

Eurex Clearing AG's own funds requirements rose only slightly compared with the previous year, mainly as a result of a slight structural increase in own funds requirements for credit and market risk and a slight reduction in own funds requirements in relation to operational risk.

Eurex Clearing AG incorporates an appropriate share of clearing-related fees received for the account of operating entities as a basis for calculating its regulatory capital requirements, thus addressing bank regulators' concerns regarding appropriate cover for operational risks. The capital requirements for operational risk are calculated once a year on the basis of three-year average historical income, including the assumed clearing fees, and are therefore not subject to daily fluctuations. Compliance with the minimum supervisory ratio is maintained at all times due to the sufficient capital buffer for uncollateralised cash investments.

Eurex Clearing AG's capital requirements according to EMIR are currently significantly above CRR IV capital buffer requirements. For this reason, Eurex Clearing AG does not currently expect the CRD IV capital buffers to have any material impact on its capital requirements. Independently of this, the capital resources of Eurex Clearing AG are reviewed on an ongoing basis and monitored as part of medium-term capital planning. Further contributions to capital are planned for the coming years.

Composition of own funds requirements

	Own funds requirements for operational risk		Own funds requirements for credit and market risk		Total capital requirements	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
			(€m)			
Clearstream Holding group	396.1	312.9	64.3	46.4	460.4	359.3
Clearstream Banking S.A.	302.2	215.9	51.3	45.7	353.5	261.6
Clearstream Banking AG	93.9	97.0	19.7	4.0	113.6	101.0
Eurex Clearing AG	65.8	69.8	23.2	12.4	89.0	82.2
European Commodity Clearing AG	4.5	3.7	3.0	0.6	7.5	4.3

Regulatory capital ratios

	Own funds requirements		Regulatory equity		Solvency ratio	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
		(€m)			(%)	
Clearstream Holding group	460.4	359.3	1,197.3	1,079.7	20.8	24.0
Clearstream Banking S.A.	353.5	261.6	998.1	876.6	22.6	26.8
Clearstream Banking AG	113.6	101.0	278.7	248.7	19.6	19.7
Eurex Clearing AG	89.0	82.2	314.8	289.4	28.3	28.2

The capital requirements under Article 16 of EMIR do not stipulate a specific ratio. Instead, the total amount of share capital, retained earnings and reserves, less certain items (including the central counterparty's own contribution to the default fund), is compared with the capital requirements. This total has to be at least equal to these requirements. In other words, EMIR requires a capital cover of at least 100 per cent. A reporting requirement to the competent authority—in this case BaFin—is triggered when this ratio falls below 110 per cent.

The capital resources of European Commodity Clearing AG are currently well above the regulatory requirements. Reflecting the positive business development, both capital requirements for operational risks as well as other capital requirements pursuant to EMIR have increased. Moreover, capital requirements for credit and market price risks have risen year-on-year, as at the reporting date. The company's own contribution to the default fund was also increased. European Commodity Clearing AG has responded to the rising capital requirements by retaining its 2014 net retained profit in 2015. Similar to the other companies, its capital resources are reviewed on an ongoing basis. Depending on future business

20 Equity (Continued)

performance, and in particular on changes in the regulatory framework, the capital resources will be adjusted as needed.

Capital adequacy requirements under EMIR

	Eurex Clearing AG		European Commodity Clearing AG	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(€m)			
Own funds requirement for operational, credit and market risk	89.0	82.2	7.5	4.3
Other EMIR capital requirements	71.1	74.9	15.0	12.5
Total EMIR capital requirements under Article 16 of EMIR	160.1	157.1	22.5	16.8
Equity	314.8	289.8	48.5	39.9
Own contribution to default fund	(50.0)	(50.0)	(6.0)	(4.8)
EMIR capital adequacy ratio	264.8	239.8	42.5	35.1

The capitalisation of Eurex Bonds GmbH significantly exceeded the CRR requirements. Due to changed (or more precise) requirements for determining 'fixed overheads', as a basis for regulatory capital requirements under technical standards promulgated by the EU Commission, requirements rose even though total costs were virtually unchanged. Due to the profits expected to be retained in future, the capital resources of Eurex Bonds GmbH will increase gradually in the coming years. However, if costs remain more or less stable and the capital requirements for credit and market risk are low, the capital requirements are expected to remain virtually unchanged.

Eurex Repo GmbH transfers its earnings to Eurex Frankfurt AG. To fulfil CRR requirements, Eurex Repo GmbH already received a contribution to its capital reserve in 2014. An additional contribution were made to the capital reserves of Eurex Repo GmbH in 2015 in order to fulfil CRR requirements, which identify profit transfers as overheads und thus include them in the basis for capital requirements. Depending on the future business performance as well as changes to the regulatory requirements, further contributions to capital may be necessary to a limited extent.

Composition of own funds/capital requirements

	Own funds requirements for credit and market risk		Own funds requirements on the basis of fixed overheads		Own funds requirements to be met	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(€m)					
Eurex Bonds GmbH	0.2	0.2	0.8	0.5	0.8	0.5
Eurex Repo GmbH	0.4	0.4	5.6	0.7	5.6	0.7

Compliance with own funds requirements

	Own funds requirements		Regulatory equity		Equity ratio	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(€m)				(%)	
Eurex Bonds GmbH	0.8	0.5	9.5	8.2	1,265.0	1,640.0
Eurex Repo GmbH	5.6	0.7	7.0	2.6	124.0	371.4

20 Equity (Continued)

According to MAS requirements, Eurex Clearing Asia Pte. Ltd. is required to provide own funds to cover "operational risk requirements", "investment risk requirements" as well as "general counterparty risk requirements". Given the current business activities, capital requirements are based exclusively on "operational risk requirements". Furthermore, Eurex Clearing Asia Pte. Ltd. is required to notify MAS without undue delay if the capital cover falls below 120 per cent. of own funds requirements.

Compliance with own funds requirements

	Operational risk requirements		Regulatory equity		Equity ratio	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(€m)				(%)	
Eurex Clearing Asia Pte. Ltd.	0.6	n.a.	10.1	n.a.	1,832.0	n.a.

The regulatory minimum requirements were complied with at all times by all companies during the reporting period and in the period up to the preparation of the consolidated financial statements.

21 Shareholders' equity and appropriation of net profit of Deutsche Börse AG

The annual financial statements of the parent company Deutsche Börse AG, prepared as at 31 December 2015 in accordance with the provisions of the Handelsgesetzbuch (HGB, the German Commercial Code), report net profit for the period of €315.9 million (2014: €423.1 million) and shareholders' equity of €2,504.0 million (2014: €2,370.3 million). In 2015, Deutsche Börse AG distributed €386.8 million (€2.10 per eligible share) from the unappropriated surplus of the previous year.

Net profit for the period 2015 is lower than last year.

Proposal on the appropriation of the unappropriated surplus

	31 December 2015
	(€m)
Net profit for the period	315.9
Appropriation to other retained earnings in the annual financial statements	109.1
Unappropriated surplus	425.0
Proposal by the Executive Board:	
Distribution of a regular dividend to the shareholders of €2.25 per share for 186,723,986 no-par value shares carrying dividend rights	420.1
Appropriation to retained earnings	4.9

No-par value shares carrying dividend rights

	Number
Number of shares issued as at 31 December 2015	193,000,000
Number of treasury shares	(6,276,014)
Number of shares outstanding as at 31 December 2015	186,723,986

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the company that do not carry dividend rights under section 71b of the Aktiengesetz (AktG, the German Stock Corporation Act). The number of shares carrying dividend rights can change until the Annual General Meeting through the repurchase or sale of further treasury shares. In this case, without changing the dividend of €2.25 per eligible share, an amended resolution for the appropriation of the unappropriated surplus will be proposed to the Annual General Meeting.

22 Provisions for pensions and other employee benefits

Defined benefit pension plans

The defined benefit obligations of the companies of Deutsche Börse Group relate primarily to final salary arrangements and pension plans based on capital components, which guarantee employees a choice of either lifelong pensions or capital payments on the basis of the final salary paid. In Switzerland, there are guaranteed defined contribution plans. Deutsche Börse Group uses external trust solutions to cover some of its pension obligations.

Net liability of defined benefit obligations

	Germany	Luxembourg	Other	Total 31 December 2015	Total 31 December 2014
			(€m)		
Present value of defined benefit obligations that are at least partially funded	356.7	58.5	24.3	439.5	427.0
Fair value of plan assets	(241.4)	(42.5)	(18.1)	(302.0)	(284.4)
Funded status	115.3	16.0	6.2	137.5	142.6
Present value of unfunded obligations	2.5	0.7	0	3.2	3.0
Net liability of defined benefit obligations	117.8	16.7	6.2	140.7	145.6
Impact of minimum funding requirement/asset ceiling	0	0	0	0	0
Amount recognised in the balance sheet	117.8	16.7	6.2	140.7	145.6

The defined benefit plans comprise a total of 2,686 (2014: 2,509) beneficiaries. The present value of defined benefit obligations can be allocated to the beneficiaries as follows:

Breakdown of beneficiaries

	Germany	Luxembourg	Other	Total 31 December 2015	Total 31 December 2014
			(€m)		
Eligible current employees	155.5	57.4	24.1	237.0	238.6
Former employees with vested entitlements	123.3	1.1	0.2	124.6	106.7
Pensioners or surviving dependants	80.4	0.7	0	81.1	84.7
	359.2	59.2	24.3	442.7	430.0

Essentially, the retirement benefits encompass the following retirement benefit plans:

Executive boards of Group companies (Germany and Luxembourg)

Individual commitment plans exist for members of the executive boards of Group companies; they are based on the plan for senior executives described in the next but one paragraph, i.e. in each calendar year the company provides an annual contribution to a capital component calculated in accordance with actuarial principles. The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. In addition, retirement benefit agreements are in place with members of the executive boards of Group companies, under which they are entitled to pension benefits on reaching the age of 63 and following reappointment. When the term of office began, the replacement rate was 30 per cent. of individual pensionable income. It rose by five percentage points with each reappointment, up to a maximum of 50 per cent. of pensionable income. Details of the pension commitments for members of Deutsche Börse AG's Executive Board can be found in the remuneration report.

22 Provisions for pensions and other employee benefits (Continued)

Germany

There has been an employee-funded deferred compensation plan for employees of Deutsche Börse Group in Germany since 1 July 1999. This plan gives employees the opportunity to convert parts of their future remuneration entitlements into benefit assets of equal value. The benefits consist of a capital payment on reaching the age of 65 or earlier, if applicable, in the case of disability or death; when due, the payment is made in equal annual payments over a period of three years. The benefit assets earn interest at a rate of 6 per cent. p.a. As a rule, new commitments are entered into on the basis of this deferred compensation plan; employees with pension commitments under retirement benefit arrangements in force before 1 July 1999 were given an option to participate in the deferred compensation plan by converting their existing pension rights.

In the period from 1 January 2004 to 30 June 2006, senior executives in Germany were offered the opportunity to participate in the following pension system based on capital components: the benefit is based on annual income received, composed of fixed annual salary and the variable remuneration. Every year, participating Group companies provide for an amount that corresponds to a certain percentage of the pensionable income. This amount is multiplied by a capitalisation factor depending on age, resulting in the "annual capital component". The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. This benefit plan was closed to new staff on 30 June 2006; the senior executives who were employed in the above period can continue to earn capital components.

As part of adjustments to the remuneration systems to bring them into line with supervisory requirements (see note 39 for detailed information) contracts were adjusted for some senior executives. For senior executives affected, whose contracts only provided for the inclusion of income received and variable remuneration over and above the upper limit of the contribution assessment (*Beitragsbemessungsgrenze*) of the statutory pension insurance provisions as pensionable income to date, pensionable income has now been fixed on the basis of annual income received in 2013 and will henceforth be adjusted annually, to reflect the increase in the cost of living, based on the consumer price index for Germany published by the German Federal Statistical Office. For senior executives affected, whose capital contributions were calculated on the basis of income received, without observing the upper limit of the contribution assessment, an amount has been fixed which will be reviewed annually, and adjusted if necessary, by the Supervisory Board, taking changed circumstances in terms of income and purchasing power in account.

Luxembourg

The Clearstream subgroup, based in Luxembourg, still operates separate defined benefit plans. The only defined benefit pension plan still in operation in favour of Luxembourg employees of Clearstream International S.A., Clearstream Banking S.A. and Clearstream Services S.A. is funded by means of cash contributions to an "association d'épargne pension" (ASSEP) organised in accordance with Luxembourg law. The benefits consist of a one-off capital payment, which is generally paid on reaching the age of 65. The benefit plan does not cover disability or death in service. Contributions to the "association d'épargne pension" are funded in full by the participating companies. The contributions are determined annually on the basis of actuarial reports and the amount of the obligation is calculated in accordance with Luxembourg law.

Switzerland

The employees of STOXX Ltd. participated in a separate defined benefit pension plan until 30 September 2015. Until this day, they had been insured by a pension fund of SIX Swiss Exchange AG at PREVAS Sammelstiftung, Zurich.

There have been a separate pension plan (basic pension plan) and a supplementary benefits plan (bonus plan) for employees of STOXX Ltd. (since 1 October 2015), of Indexium AG (since 1 October 2015), of Eurex Zürich AG (since 2012) and Eurex Global Derivatives AG (since 2012); both plans are based on insurance policies and, in addition to retirement benefits, comprise disability benefits and dependants' pensions. The contributions to the basic pension plan are paid by the employee and the employer, based on

22 Provisions for pensions and other employee benefits (Continued)

progressive percentages of the insured wage (annual wage less coordination deduction). For the bonus plan, the contributions are determined as a percentage of the bonus; it is also funded by contributions from employees and the employer. The retirement age is 65. The beneficiaries can choose between pension payments and a one-off payment.

The present value of defined benefit obligations can be reconciled as follows with the provisions reported in the consolidated balance sheet:

Changes in net defined benefit obligations

	Present value of obligations	Fair value of plan assets	Total
		(€m)	
Balance as at 1 January 2014	343.6	(263.4)	80.2
Acquisitions from business combinations	0.3	(0.3)	0
Current service cost	16.2	—	16.2
Interest expense/(income)	11.3	(8.8)	2.5
Past service cost and gains and losses on settlements	(0.2)	0	(0.2)
	27.3	(8.8)	18.5
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	(1.9)	(1.9)
Losses from changes in demographic assumptions	(1.3)	—	(1.3)
Losses from changes in financial assumptions	76.6	—	76.6
Experience gains	(7.0)	—	(7.0)
	68.3	(1.9)	66.4[1]
Effect of exchange rate differences	0.2	(0.1)	0.1
Contributions:			
Employers	—	(19.5)	(19.5)
Plan participants	0.8	(0.8)	0
Benefit payments	(9.7)	9.6	(0.1)
Tax and administration costs	(0.8)	0.8	0
Balance as at 31 December 2014	430.0	(284.4)	145.6
Acquisitions from business combinations	3.0	(1.4)	1.6
Current service cost	21.7	—	21.7
Interest expense/(income)	8.9	(6.1)	2.8
Past service cost and gains and losses on settlements	(0.6)	—	(0.6)
	30.0	(6.1)	23.9
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	7.7	7.7
Acquisitions from business combinations	—	1.9	1.9
Losses from changes in financial assumptions	(7.0)	—	(7.0)
Experience gains	(6.1)	—	(6.1)
	(13.1)	9.6	(3.5)
Effect of exchange rate differences	2.3	(1.8)	0.5
Contributions:			
Employers	—	(32.0)	(32.0)
Plan participants	1.0	(1.0)	0
Benefit payments	(9.7)	9.6	(0.1)
Withdrawal of plan assets	0	4.7	4.7
Tax and administration costs	(0.8)	0.8	0
Balance as at 31 December 2015	442.7	(302.0)	140.7

Note:

(1) Thereof €0.3 million non-controlling interests

22 Provisions for pensions and other employee benefits (Continued)

In financial year 2015, employees converted a total of €2.6 million (2014: €3.6 million) of their variable remuneration into deferred compensation benefits.

Assumptions

Provisions for pension plans and other employee benefits are measured annually at the reporting date using actuarial techniques. The assumptions for determining the actuarial obligations for the pension plans differ according to the individual conditions in the countries concerned and shown in the following table:

Actuarial assumptions

	31 December 2015			31 December 2014		
	Germany	Luxembourg	Switzerland	Germany	Luxembourg	Switzerland
	%	%	%	%	%	%
Discount rate	2.20	2.20	0.80	2.15	2.15	1.10
Salary growth	3.50	3.50	1.00	3.50	3.50	1.00
Pension growth	2.00	1.80–2.00	0	2.00	2.00–2.25	0
Staff turnover rate	2.00(1)	2.00(1)	n.a.(2)	2.00(1)	2.00(1)	n.a.(2)

Notes:

(1) Up to the age of 50, afterwards 0.00 per cent.

(2) Staff turnover rate in accordance with the Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge (BVG, Swiss Federal Occupational Retirement, Survivors' and Disability Pension Plans Act).

In Germany, the "2005 G" mortality tables (generation tables) developed by Prof Dr Klaus Heubeck are used in a modified version. For Luxembourg, generation tables of the Institut national de la statistique et des études économiques du Grand-Duché du Luxembourg are used. For Switzerland, the BVG 2010 generation tables are used.

Sensitivity analysis

The sensitivity analysis presented in the following considers the change in one assumption at a time, leaving the other assumptions unchanged from the original calculation, i.e. possible correlation effects between the individual assumptions are not taken into account.

Sensitivity of defined benefit obligation to change in the weighted principal assumptions

		Effect on defined benefit obligation		Effect on defined benefit obligation	
		2015 defined benefit obligation	Change	2014 defined benefit obligation	Change
		€m	%	€m	%
Present value of the obligation(1)		442.7	—	430.0	—
Discount rate	Increase by 1.0 percentage point	377.4	(14.8)	364.5	(15.2)
	Reduction by 1.0 percentage point	525.9	18.8	500.5	16.4
Salary growth	Increase by 0.5 percentage points	455.4	2.9	441.1	2.6
	Reduction by 0.5 percentage points	432.6	(2.3)	416.4	(3.2)
Pension growth	Increase by 0.5 percentage points	461.6	4.3	455.1	5.8
	Reduction by 0.5 percentage points	432.3	(2.3)	420.6	(2.2)
Life expectancy	Increase by one year	453.4	2.4	440.8	2.5
	Reduction by one year	431.7	(2.5)	419.3	(2.5)

Note:

(1) Present value of the obligations using assumptions in accordance with the table "actuarial assumptions".

22 Provisions for pensions and other employee benefits (Continued)

Composition of plan assets

Germany

In Germany, the plan assets are held by a trustee in safekeeping for individual companies of Deutsche Börse Group and for the beneficiaries: at the company's instruction, the trustee uses the funds transferred to acquire securities, without any consulting on the part of the trustee. The contributions are invested in accordance with an investment policy, which may be amended by the companies represented in the investment committee in agreement with the other members. The trustee may refuse to carry out instructions if they are in conflict with the fund's allocation rules or the payment provisions. In accordance with the investment policy, an absolute return approach is pursued including a value preservation mechanism; investments can be made in different asset classes.

Luxembourg

In Luxembourg, the Board of Directors of the Clearstream Pension Fund is responsible for determining the investment strategy, with the aim of maximising returns in relation to a benchmark. Up to 75 per cent. of this benchmark is derived from the return on five-year German federal government bonds and up to 25 per cent. from the return on the EURO STOXX 50 Index. According to the investment policy, the fund may only invest in fixed-income and variable-rate securities, as well as listed investment fund units, and it may hold cash, including in the form of money market funds.

Switzerland

The assets of the pension funds of STOXX Ltd. (since 1 October 2015), of Indexium AG (since 1 October 2015), of Eurex Zürich AG (since 2012) and Eurex Global Derivatives AG (since 2012) have been invested with AXA Stiftung Berufliche Vorsorge and are therefore reported under "qualifying insurance policies".

22 Provisions for pensions and other employee benefits (Continued)

Composition of plan assets

	31 December 2015		31 December 2014	
	€m	%	€m	%
Equity instruments—Europe	0	0	1.0	0.4
Financial institutions	0		0.2	
Manufacturing and industrial	0		0.2	
Energy and commodities	0		0	
Technology companies	0		0.1	
Other	0		0.5	
Equity instruments—other	0	0	1.0	0.4
Financial institutions	0		0.2	
Manufacturing and industrial	0		0.2	
Energy and commodities	0		0.1	
Technology companies	0		0.2	
Other	0		0.3	
Bonds	253.8	84.0	247.4	86.9
Government bonds	248.2		243.1	
Multilateral development banks	2.6		0	
Corporate bonds	3.0		4.3	
Derivatives	1.1	0.4	2.7	0.9
Stock index futures	1.0		1.8	
Interest rate futures	0.1		0.9	
Property	0	0	1.0	0.4
Europe	0		0.9	
Other	0		0.1	
Investment funds	9.8	3.2	8.8	3.1
Other	0	0	0.3	0
Total listed	264.7	87.6	262.2	92.2
Qualifying insurance policies	18.0	6.0	7.9	2.8
Cash	19.3	6.4	14.2	5.0
Other	0	0	0.1	0.0
Total not listed	37.3	12.4	22.2	7.8
Total plan assets	302.0	100.0	284.4	100.0

As at 31 December 2015, plan assets did not include any financial instruments held by the Group (2014: nil), nor did they include any property occupied or other assets used by the Group.

Risks

In addition to the general actuarial risks, the risks associated with the defined benefit obligations relate especially to financial risks in connection with the plan assets, including in particular counterparty credit and market risks.

Market risk

The return on plan assets is assumed to be the discount rate determined on the basis of corporate bonds with an AA rating. If the actual rate of return on plan assets is lower than the discount rate used, the net defined benefit liability increases accordingly. If volatility is lower, the actual return is further expected to exceed the return on corporate bonds with a good rating in the medium to long term.

Deutsche Börse Group considers the equity price risk resulting from the proportion of equities in the plan assets to be appropriate. The company bases its assessment on the expectation that the overall volume of payments from the pension plans will be manageable in the next few years, that the total amount of the

22 Provisions for pensions and other employee benefits (Continued)

obligations will also be manageable and that it will be able to meet these payments in full from operating cash flows. Any amendments to the investment policy take into account the duration of the pension obligation as well as the expected payments over a period of ten years.

Moreover, the level of the net liability is influenced by the discount rates in particular, whereby the current low interest rates contribute to a relatively high net liability. A continued decline in returns on corporate bonds will lead to a further increase in defined benefit obligations, which can be only partially offset by the positive development of the fair values of the corporate bonds included in the plan assets.

Inflation risk

Possible inflation risks that could lead to an increase in defined benefit obligations exist because some pension plans are final salary plans or the annual capital components are directly related to salaries, i.e. a significant increase in salaries would lead to an increase in the benefit obligation from these plans. In Germany, however, there are no contractual arrangements with regard to inflation risk for these pension plans. An interest rate of 6 per cent. p.a. has been agreed for the employee-financed deferred compensation plan; the plan does not include any arrangements for inflation, so that it has to be assumed that there will be little incentive for employees to contribute to the deferred compensation plan in times of rising inflation.

In Luxembourg, salaries are adjusted for the effects of inflation on the basis of a consumer price index no more than once a year; this adjustment leads to a corresponding increase in the benefit obligation from the pension plan. Since the obligation will be met in the form of a capital payment, there will be no inflation-linked effects once the beneficiary reaches retirement age.

In Switzerland, the benefit plan at AXA Stiftung Berufliche Vorsorge include the provision that the board of the foundation decides annually whether the retirement pensions will be adjusted to reflect price trends. The decision takes into account in particular the financial capability of the foundation. There are no arrangements for automatic adjustments to price increases over and above the legal requirements that apply to certain surviving dependants' and disability pensions.

Duration and expected maturities of the pension obligations

The weighted duration of the pension obligations was 16.62 years as at 31 December 2015.

Expected maturities of undiscounted pension payments

	Expected pension payments[(1)]	Expected pension payments[(1)]
	31 December 2015	**31 December 2014**
	€m	**€m**
Less than 1 year	11.4	10.9
Between 1 and 2 years	13.3	13.4
Between 2 and 5 years	43.1	43.0
More than 5 years up to 10 years	85.7	75.9
Total	153.5	143.2

Note:

(1) The expected payments in CHF were translated into euros at the relevant closing rate on 31 December.

The expected costs of defined benefit plans amount to approximately €21.8 million for the 2016 financial year, including net interest expense.

Defined contribution pension plans

In the reporting period, the costs of defined contribution plans amounted to €34.2 million (2014: €30.4 million).

23 Changes in other provisions

Changes in other provisions

	Recourse and litigation risks	Restructuring and efficiency measures	Interest on taxes	Stock bonus plans	Bonuses	Operational claims	Pension obligations to IHK	Other personnel provisions	Miscellaneous	Total
	€m	€m	€m	€m			€m			
Balance as at 1 January 2015	4.5	79.1	52.9	17.1	19.4	15.5	10.3	8.0	11.7	218.5
Acquisitions from business combinations	0	0	0	0	3.8	0	0	0	3.8	7.6
Reclassification	0	0	0	0	(1.5)	1.0	0	0	(2.0)	(2.5)
Utilisation	0	(15.6)	(31.7)	(13.4)	(13.9)	(8.4)	0	(1.3)	(2.8)	(87.1)
Reversal	(0.1)	(4.0)	0	(0.1)	(1.1)	(4.0)	0	(0.9)	(0.8)	(11.0)
Additions	0.3	51.6	14.2	27.4	77.7	2.4	0	1.4	3.9	178.9
Currency translation	0.3	0	0	0	1.0	0	0	0	0	1.3
Interest	0	0.8	0	0	0	0	(0.7)	0.4	0	0.5
Balance as at 31 December 2015	5.0	111.9	35.4	31.0	85.4	6.5	9.6	7.6	13.8	306.2

The "other personnel provisions" item as at 31 December 2015 included personnel-related provisions of €5.8 million (2014: €5.7 million) for jubilees, €1.2 million (2014: €1.4 million) for other personnel costs and €0.6 million (2014: €0.9 million) for early retirement benefits. The "miscellaneous" item includes provisions for anticipated losses of €6.5 million (2014: €5.8 million) and provisions for rent and service costs of €2.1 million (2014: €1.9 million).

24 Other non-current provisions

Other non-current provisions have more than one year to maturity.

Composition of other non-current provisions

	31 December 2015	31 December 2014
	€m	
Restructuring and efficiency measures	87.2	72.7
Stock bonus plans	11.7	7.7
Pension obligations to IHK[1]	9.6	10.3
Bonuses	9.1	7.3
Anticipated losses	5.9	5.2
Jubilees	5.8	5.7
Early retirement	0.6	0.9
Other	1.8	0.7
Total	131.7	110.5
thereof with remaining maturity of between 1 and 5 years	103.2	79.9
thereof with remaining maturity of more than 5 years	28.5	30.6

Note:

(1) IHK = Industrie- und Handelskammer Frankfurt am Main (the Frankfurt/Main Chamber of Industry and Commerce).

Due to changed settlement dates of the bonus, provisions for bonuses of €9.1 million (2014: €7.3 million) were included as at the balance sheet date.

Provisions for restructuring and efficiency measures include provisions amounting to €3.3 million (2014: €5.3 million) for the restructuring and efficiency programme resolved in September 2007, €18.7 million (2014: €24.4 million) for the programme resolved in 2010 to increase operational performance and €37.7 million (2014: €43.0 million) for the programme resolved in 2013 to improve the cost structures and operational processes in order to adapt to a permanently changed business environment as well as €27.5 million for the growth programme resolved in 2015. For more details on the restructuring and efficiency programmes see "Internal management—management systems" section in the combined management report.

For details on the Stock Bonus Plans, see note 39.

25 Liabilities

The euro and U.S. dollar bonds issued by Deutsche Börse Group have a carrying amount of €2,546.5 million (2014: €1,568.3 million, of this amount, €139,8 million is reported under "other current liabilities") and a fair value of €2,679.9 million (2014: €1,688.4 million).

The increase in interest-bearing liabilities is largely attributable to the issuance of two new bonds during 2015. In July 2015, Deutsche Börse Group issued a hybrid bond with a nominal volume of €600 million, a term of 26 years and a coupon of 2.75 per cent. per annum. The proceeds from the hybrid bond issue are used to refinance existing liabilities and to fund the full acquisition of joint ventures STOXX Ltd. and Indexium AG. In October 2015, Deutsche Börse Group issued a senior bond with a nominal volume of €500 million, a term of 10 years and a coupon of 1.625 per cent. per annum. The proceeds from this issue are used for the partial funding of the acquisition of 360T Beteiligungs GmbH, which was purchased in July 2015. For details, see the "Capital management" section of the combined management report.

The interest-bearing liabilities disclosed under "other current liabilities" as at 31 December 2014 (€139.8 million) were repaid in the second quarter of 2015.

The financial liabilities recognised in the balance sheet were not secured by liens or similar rights, either as at 31 December 2015 or as at 31 December 2014.

26 Tax provisions

Composition of tax provisions

	Income taxes: current year	Income taxes: previous year	Other taxes	Total
		€m		
Balance as at 1 January 2015	0	233.1	49.6	282.7
Acquisitions from business combinations	4.7	3.8	0	8.5
Reclassification	0	4.7	0	4.7
Utilisation	(2.7)	(34.7)	(25.6)	(63.0)
Reversal	0	(2.3)	(0.9)	(3.2)
Additions	47.9	29.4	3.1	80.4
Currency translation	0	6.6	0	6.6
Interest	0	0	0	0
Balance as at 31 December 2015	49.9	240.6	26.2	316.7

Tax provisions of €166.3 million (2014: €150.0 million) have an estimated remaining maturity of more than one year.

27 Other current provisions

Composition of other current provisions

	31 December 2015	31 December 2014
	€m	
Bonuses	76.3	12.1
Interest on taxes	35.4	52.9
Restructuring and efficiency measures	24.7	6.4
Stock bonus plans	19.3	9.4
Operational claims	6.5	15.5
Recourse and litigation risks	5.0	4.5
Rent and incidental rental costs	2.1	1.9
Personnel expenses	1.2	1.4
Anticipated losses	0.6	0.6
Miscellaneous	3.4	3.4
Total	174.5	108.1

27 Other current provisions (Continued)

Due to changed settlement dates of the bonus, provisions for bonuses of €76.3 million (2014: €12.1 million) were included as at the balance sheet date.

Restructuring and efficiency measures include provisions amounting to €0.1 million (2014: €0.1 million) for the restructuring and efficiency programme resolved in 2007, and €0.5 million (2014: €6.3 million) for the programme resolved in 2013 to improve the cost structures and operational processes in order to adapt to a permanently changed business environment, as well as €23.7 million for the growth programme concluded in 2015. For details see the "Internal management" section of the combined management report.

For details on share-based payments, see note 39.

28 Liabilities from banking business

The liabilities from banking business are attributable solely to the Clearstream subgroup.

Composition of liabilities from banking business

	31 December 2015	31 December 2014
	€m	
Customer deposits from securities settlement business	10,867.7	11,138.3
Issued commercial paper	286.5	193.2
Overdrafts on nostro accounts	498.1	130.0
Money market lendings	12.0	25.1
Forward foreign exchange transactions—held for trading	17.1	0.5
Total	11,681.4	11,487.1

Remaining maturity of liabilities from banking business

	31 December 2015	31 December 2014
	€m	
Not more than 3 months	11,599.3	11,392.6
More than 3 months but not more than 1 year	82.1	94.5
Total	11,681.4	11,487.1

29 Cash deposits by market participants

Composition of cash deposits by market participants

	31 December 2015	31 December 2014
	€m	
Liabilities from margin payments to Eurex Clearing AG by members	25,540.2	21,594.1
Liabilities from margin payments to European Commodity Clearing AG, European Commodity Clearing Luxembourg S.à r.l., APX Clearing B.V. and APX Commodities Ltd. by members	1,321.1	684.0
Liabilities from cash deposits by participants in equity trading	7.7	4.3
Total	26,869.0	22,282.4

30 Other current liabilities

Composition of other current liabilities

	31 December 2015	31 December 2014
	€m	
Liabilities from CCP positions	89.3	452.5
Liabilities from repayment of U.S. dollar bonds1)	0	139.8
Issued commercial paper	95.0	60.0
Special payments and bonuses	13.5	44.3
Tax liabilities (excluding income taxes)	22.7	36.8
Vacation entitlements, flexitime and overtime credits	22.3	19.0
Interest payable	29.3	9.7
Accounts payable from purchase price of shares in APX Holding group	7.5	0
Outstanding invoices	8.7	4.2
Derivatives	6.2	5.9
Social security liabilities	6.2	3.2
Liabilities to supervisory bodies	2.6	3.1
Debtors with credit balances	1.9	7.5
Miscellaneous	25.2	21.8
Total	330.4	807.8

Note:

(1) For detailed information see note 25.

31 Maturity analysis of financial instruments

Underlying contractual maturities of the financial instruments at the reporting date

	Contractual maturity										Reconciliation to carrying amount		Carrying amount	
	Sight		Not more than 3 months		More than 3 months but not more than 1 year		More than 1 year but not more than 5 years		Over 5 years					
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	€m													
Non-derivative financial liabilities														
Interest-bearing liabilities	0	0	15.0	0	38.0	28.1	1,051.6	890.0	1,785.6	697.4	(343.7)	(187.0)	2,546.5	1,428.5
Other non-current financial liabilities	0	0	0	0	0	0	4.3	9.1	0	0	5.7	3.5	10.0	12.6
Non-derivative liabilities from banking business	11,387.8	11,279.9	214.9	112.7	82.4	94.5	0	0	0	0	(16.0)	(0.5)	11,669.1	11,486.6
Trade payables, payables to related parties and other current liabilities	80.6	452.7	515.1	289.4	4.5	157.9	0	0	0	0	104.8	130.6	705.0	1,030.6
Cash deposits by market participants	26,869.0	22,282.4	0	0	0	0	0	0	0	0	0	0	26,869.0	22,282.4
Other bank loans and overdrafts	42.2	0.7	0	0	0	0	0	0	0	0	0	0	42.2	0.7
Total non-derivative financial liabilities (gross)	38,379.6	34,015.7	745.0	402.1	124.9	280.5	1,055.9	899.1	1,785.6	697.4	(249.2)	(53.4)	41,841.8	36,241.4
Derivatives and financial instruments held by central counterparties														
Financial liabilities and derivatives held by central counterparties	36,495.9	29,501.6	69,521.2	94,814.6	19,989.3	44,685.7	5,633.1	4,579.3	1,542.2	1,306.5	0	0	133,181.7	174,887.7
less financial assets and derivatives held by central counterparties	(36,495.9)	(29,501.6)	(69,804.3)	(96,063.7)	(19,989.3)	(44,685.7)	(5,633.1)	(4,579.3)	(1,542.2)	(1,306.5)	0	0	(133,464.8)	(176,136.8)
Cash inflow—derivatives and hedges														
Cash flow hedges	0	0	0	0	0	0	0	0	0	0				
Fair value hedges	0	0	0	0	0	0	0	0	0	0				
Derivatives held for trading	1,009.9	1,415.7	1,633.7	391.7	0	0	0	0	0	0				
Cash outflow—derivatives and hedges														
Cash flow hedges	0	0	0	0	0	0	0	0	0	0				
Fair value hedges	0	0	0	0	0	0	0	0	0	0				
Derivatives held for trading	(1,008.9)	(1,381.4)	(1,620.5)	(391.6)	0	0	0	0	0	0				
Total derivatives and hedges	1.0	34.3	(269.9)	(1,249.0)	0	0	0	0	0	0				
Financial guarantee contracts	0	0	977.9	533.2	0	0	0	0	0	0				

32 Classification of financial instruments under IAS 39

The following table shows an analysis of the financial instruments in the balance sheet in accordance with their classification under IAS 39 as well as the corresponding carrying amounts:

Classification of financial instruments

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount 31 December 2015	Carrying amount 31 December 2014
				€m	
Other equity investments	13	AFS(1)	Historical cost	85.3	161.2
		AFS(1)	Fair value	134.1	5.6
Non-current receivables and securities from banking business	13	AFS(1)	Fair value	2,018.6	1,305.0
Other financial instruments	13	AFS(1)	Historical cost	0.9	0.8
		AFS(1)	Fair value	31.4	25.0
Other loans	13	Loans and receivables	Amortised cost	0.2	0.4
Non-current financial instruments held by central counterparties	15	Held for trading	Fair value	7,175.2	5,885.8
Other non-current assets		Loans and receivables	Amortised cost	7.4	7.3
Current financial instruments held by central counterparties	15	Held for trading	Fair value	126,241.3	170,160.8(3)
		Loans and receivables	Amortised cost	48.3	90.2(3)
Current receivables and securities from banking business	16	AFS(1)	Fair value	62.3	655.9
		Loans and receivables	Amortised cost	10,057.3	9,616.8
		Derivatives held for trading	Fair value	23.3	34.4
Trade receivables	17	Loans and receivables	Amortised cost	554.1	342.9
Receivables from related parties	—	Loans and receivables	Amortised cost	4.7	1.0
Other current assets	18	Loans and receivables	Amortised cost	924.9	481.8
Restricted bank balances	19	Loans and receivables	Amortised cost	26,870.0	22,283.5
Other cash and bank balances	33	Loans and receivables	Amortised cost	711.1	826.1
Interest-bearing liabilities (excluding finance leases)	14, 25	Liabilities at amortised cost	Amortised cost	2,281.0	1,189.9
		Net investment hedge(2)	Amortised cost	265.5	238.6
Non-current financial instruments held by central counterparties	15	Held for trading	Fair value	7,175.2	5,885.8
Other non-current liabilities		Held for trading	Fair value	4.3	9.1
Current financial instruments held by central counterparties	15	Held for trading	Fair value	125,958.2	168,911.7(3)
		Liabilities at amortised cost	Amortised cost	48.3	90.2(3)

32 Classification of financial instruments under IAS 39 (Continued)

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount 31 December 2015	Carrying amount 31 December 2014
				€m	
Liabilities from banking business	28	Liabilities at amortised cost	Amortised cost	11,669.0	11,486.6
		Held for trading	Fair value	12.4	0.5
Other bank loans and overdrafts	33	Liabilities at amortised cost	Amortised cost	42.2	0.7
Trade payables		Liabilities at amortised cost	Amortised cost	372.8	221.2
Liabilities to related parties		Liabilities at amortised cost	Amortised cost	1.8	1.6
Cash deposits by market participants	29	Liabilities at amortised cost	Amortised cost	26,869.0	22,282.4
Other current liabilities	30	Liabilities at amortised cost	Amortised cost	223.7	534.4
		Net investment hedge(2)	Amortised cost	0	139.8
		Derivatives held for trading	Fair value	6.2	5.9

Notes:

(1) Available-for-sale (AFS) financial assets.

(2) This relates to the private placements designated as hedging instruments of a net investment hedge (see note 14).

(3) Prior-year figures adjusted.

The financial assets and liabilities that are measured at fair value are required to be allocated to the following three hierarchy levels: financial assets and liabilities are allocated to level 1 if there is a quoted price for identical assets and liabilities in an active market that can be accessed by the entity. They are allocated to level 2 if the inputs on which fair value measurement is based are observable either directly or indirectly; these inputs must be based on market expectations. Financial assets and liabilities are allocated to level 3 if fair value is determined on the basis of unobservable inputs.

32 Classification of financial instruments under IAS 39 (Continued)

As at 31 December 2015, the financial assets and liabilities measured at fair value were allocated to the following levels of the fair value hierarchy:

Fair value hierarchy

	Fair value as at 31 December 2015	thereof attributable to:		
		Level 1	Level 2	Level 3
		€m		
Recurring fair value measurements				
ASSETS				
Financial assets held for trading				
Derivatives				
Non-current financial instruments held by central counterparties	7,175.2	0	7,175.2	0
Current financial instruments held by central counterparties	126,241.3	0	126,241.3	0
Current receivables and securities from banking business	23.3	0	23.3	0
Total	133,439.8	0	133,439.8	0
Available-for-sale financial assets				
Equity instruments				
Other equity investments	134.1	0	128.0	6.1
Total	134.1	0	128.0	6.1
Debt instruments				
Other financial instruments	31.4	31.4	0	0
Non-current receivables and securities from banking business	2,018.6	2,018.6	0	0
Current receivables and securities from banking business	62.3	62.3	0	0
Total	2,112.3	2,112.3	0	0
Total assets	135,686.2	2,112.3	133,567.8	6.1
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Non-current financial instruments held by central counterparties	7,175.2	0	7,175.2	0
Current financial instruments held by central counterparties	125,958.2	0	125,958.2	0
Liabilities from banking business	12.4	0	12.4	0
Other non-current liabilities	0	0	0	0
Other current liabilities	6.2	0	0	6.2
Contingent purchase price components				
Other non-current liabilities	4.3	0	0	4.3
Total liabilities	133,156.3	0	133,145.8	10.5

32 Classification of financial instruments under IAS 39 (Continued)

By comparison, the financial assets and liabilities measured at fair value as at 31 December 2014 were allocated as follows to the hierarchy levels:

Fair value hierarchy

	Fair value as at 31 December 2014	thereof attributable to: Level 1	Level 2	Level 3
		€m		
Recurring fair value measurements				
ASSETS				
Financial assets held for trading				
Derivatives				
Non-current financial instruments held by central counterparties	5,885.8	0	5,885.8(1)	0
Current financial instruments held by central counterparties	170,160.8	0	170,160.8(1)	0
Current receivables and securities from banking business	34.4	0	34.4	0
Total	176,081.0	0	176,081.0	0
Available-for-sale financial assets				
Equity instruments				
Other equity investments	5.6	0	0	5.6
Total	5.6	0	0	5.6
Debt instruments				
Other financial instruments	25.0	25.0	0	0
Non-current receivables and securities from banking business	1,305.0	1,305.0	0	0
Current receivables and securities from banking business	170,160.8	170,160.8	0	0
Total	171,490.8	171,490.8	0	0
Total assets	347,577.4	171,490.8	176,081.0	5.6
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Non-current financial instruments held by central counterparties	5,885.8	0	5,885.8(1)	0
Current financial instruments held by central counterparties	168,911.7	0	168,911.7(1)	0
Liabilities from banking business	0	0	0	0
Other current liabilities	5.9	0	0	5.9
Contingent purchase price components				
Other non-current liabilities	9.1	0	0	9.1
Total liabilities	174,812.5	0	174,797.5	15.0

Note:

(1) Classification adjusted.

32 Classification of financial instruments under IAS 39 (Continued)

Financial assets and financial liabilities listed in levels 2 and 3 as at 31 December 2015 are measured as follows:

- The derivatives listed in level 2 comprise forward forge in exchange transactions. The fair value of the forward foreign exchange transactions is determined on the basis of the forward exchange rates for the remaining period to maturity as at the balance sheet date. They are based on observable market prices.
- The equity investments allocated to level 2 are measured on the basis of current, comparable market transactions.
- The fair value of the financial instruments held by central counterparties allocated to level 2 is determined by market transactions for identical or similar assets in markets that are not active and by option pricing models based on observable market prices.

At the reporting date, the items allocated to level 3 and their measurements were as follows:

Changes in level 3 financial instruments

	Assets	Liabilities		
	Other equity investments	Other non-current liabilities	Other current liabilities	Total
		€m		
Balance as at 1 January 2014	0	0	(6.1)	(6.1)
Acquisitions from business combinations	0	(1.8)	0	(1.8)
Additions	0	(6.6)	0	(6.6)
Transfers into level 3	4.6	0	0	4.6
Unrealised capital gains/(losses) recognised in income	0	(0.7)	0.2	(0.5)
Financial result	0	(0.7)	0	(0.7)
Other operating expenses	0	0	(0.2)	(0.2)
Other operating income	0	0	0.4	0.4
Changes recognised in the revaluation surplus	1.0	0	0	1.0
Balance as at 1 January 2015	5.6	(9.1)	(5.9)	(9.4)
Additions	1.7	0	0	1.7
Disposals	(1.3)	0	0	(1.3)
Realised capital gains/(losses)	0	1.8	0	1.8
Financial result	0	(0.2)	0	(0.2)
Other operating income	0	2.0	0	2.0
Unrealised capital gains/(losses) recognised in profit or loss	0	3.0	(0.3)	2.7
Other operating expenses	0	0	(0.5)	(0.5)
Other operating income	0	3.0	0.2	3.2
Changes recognised in the revaluation surplus	0.1	0	0	0.1
Balance as at 31 December 2015	6.1	(4.3)	(6.2)	(4.4)

The value of an equity investment listed in level 3 is reviewed annually by the issuer, who may initiate transactions. The number of shares was reduced during the year under review, resulting in a disposal of €0.7 million. Together with a €0.2 million gain recognised directly in equity, the aggregate reduction of this item was €0.5 million.

Furthermore, there was an inflow of €1.7 million to this item which resulted from an equity fund. The fair value of this fund is calculated on the basis of the net asset value determined by the issuer. A partial disposal and measurement of the remaining shares resulted in a decrease of €0.6 million. Fair value measurement led to unrealised losses of €0.1 million reported in the revaluation surplus.

The fair value amounted to €4.3 million and is reported under "other non-current liabilities", relates to contingent purchase price components. The adjustment of expected payment obligations during 2015

32 Classification of financial instruments under IAS 39 (Continued)

resulted in expenses of €0.2 million, which are recognised in the financial result. Moreover, the reassessment of the probability that the two obligations would be utilised resulted in other operating income of €5.0 million. These two purchase price components are measured on the basis of internal discounted cash flow models, which discount the expected future payment obligations to the measurement date using interest rates that are appropriate to the risk.

Additionally, derivatives from an incentive programme with a carrying amount of €5.9 million were allocated to "other current liabilities" of level 3 at the beginning of the reporting period. At the end of the financial year, these derivatives had a carrying value of €6.2 million. The financial instruments were regularly measured at fair value through profit and loss using an internal model at the quarterly reporting dates. In the course of the reporting period, the subsequent measurement of these financial instruments led to gains of €0.2 million and expenses of €0.5 million; these amounts are reported under "other operating income" and "other operating expenses". The model takes into account the criteria underlying the conditional repayment of the grant made by Eurex Clearing AG. The criteria include, in particular, non-financial indicators such as the expected number of customers in a specific market segment as well as expected trading volumes. They are continuously monitored, while taking into account possible adjustments. In order to do this, customer information is also used. Since this is an internal model, the parameters can differ from those of the settlement date. However, the derivative financial instrument will not exceed an amount of €7.0 million. This amount arises if the beneficiaries of the incentive programme fulfil the conditions and a repayment of the contribution is not taken into consideration.

The fair value of other financial assets and liabilities not measured at fair value is determined as follows:

The euro and U.S. dollar bonds issued by Deutsche Börse Group have a fair value of €2,679.9 million (31 December 2014: €1,688.4 million) and are reported under interest-bearing as well as current liabilities. U.S. dollar-denominated debt securities with a nominal amount of U.S.$170.0 million matured during the year; the company issued a further bond with a nominal amount of €600 million. The fair value of the euro bonds in the amount of €2,396.0 million is calculated on the basis of the quoted values of the bonds, and the fair value of the U.S. dollar bonds in the amount of €283.9 million represents the present value of the cash flows relating to the private placements on the basis of market inputs. Consequently, the euro bonds are allocated to level 2 and the U.S. dollar bonds are allocated to level 3.

The carrying amounts of the following items represent a reasonable approximation of their fair value:

- Unlisted equity instruments whose fair value generally cannot be reliably determined on a continuous basis and that are reported under the "financial assets" item; these are carried at cost less any impairment losses.
- Other loans, which are reported under "financial assets".
- Other receivables and other assets as well as current receivables from banking business, to the extent that these are measured at amortised cost.
- Restricted bank balances.
- Other cash and bank balances.
- Cash deposits by market participants.
- Other current liabilities.

Other disclosures

33 Consolidated cash flow statement disclosures

Cash flows from operating activities

After adjustments to net profit for the period for non-cash items, cash flows from operating activities excluding CCP positions amounted to €796.6 million (2014: €684.8 million). After adjustment for the change in CCP positions cash flow from operating activities amounted to €10.1 million (2014:

33 Consolidated cash flow statement disclosures (Continued)

€677.3 million). For details on the adjustments see the "Financial position" section of the combined management report.

The other non-cash expenses (or income in the previous year) consists (consisted) of the following items:

Composition of other non-cash income/(expenses)

	2015	2014
	€m	
Impairment of financial instruments	12.1	3.9
Reversal of the revaluation surplus for cash flow hedges	2.7	2.7
Reversal of discount and transaction costs from long-term financing	2.2	2.1
Subsequent measurement of derivatives	0.3	(0.2)
Equity method measurement	(3.2)	(7.8)
Subsequent measurement of non-derivative financial instruments	(5.1)	(1.6)
Gains on the disposal of subsidiaries and equity investments	0	(46.4)
Miscellaneous	(2.0)	0.6
Total	7.0	(46.7)

Cash flows from investing activities

In the 2015 financial year net cash used for investing activities of €1,592.2 million (2014: €250.4 million) reflected acquisitions in particular: the full acquisition of 360T group involved a cash outflow of €676.6 million (adjusted for €27.7 million in cash acquired). Full consolidation of Powernext SA and EPEX Spot SE as at 1 January 2015 increased cash by €40.1 million.

Investments in intangible assets and property, plant and equipment amounted to €154.5 million (2014: €133.5 million). Among the investments in intangible assets and property, plant and equipment, the measures undertaken under the strategic growth initiatives and infrastructure projects are classified as expansion investments, while all remaining investments are reported as replacement investments. The investments in intangible assets and property, plant and equipment are broken down by segment as follows:

Payment to acquire intangible assets and property, plant and equipment

	31 December 2015	31 December 2014
	€m	
Expansion investments		
Eurex	34.2	32.6
Xetra	0	0
Clearstream	43.4	39.8
Market Data + Services	0	0
	77.6	72.4
Replacement investments		
Eurex	37.3	27.9
Xetra	2.1	1.6
Clearstream	30.0	23.5
Market Data + Services	7.5	8.1
	76.9	61.1
Total investments according to segment reporting	154.5	133.5

Investments in long-term financial instruments totalling €815.5 million (2014: €367.2 million) included €771.5 million (2014: €328.6 million) for the purchase of floating rate notes in the banking business. In

33 Consolidated cash flow statement disclosures (Continued)

addition, equity investments were acquired or increased in a total amount of €29.8 million (2014: €33.8 million).

Securities and other non-current receivables in the amount of €208.3 million (2014: €317.2 million) matured or were sold in the financial year 2015.

Cash flows from financing activities

Cash inflows from financing activities totalled €76.1 million (2014: cash outflows of €441.1 million).

As part of financing the acquisition of shares in 360T Beteiligungs GmbH, the company placed €200.0 million in treasury shares, and also placed debt securities with a nominal amount of €500.0 million.

The acquisition of the remaining 49.9 per cent. stake in STOXX Ltd. led to a cash outflow totalling €653.8 million. Moreover, €63.7 million was paid to non-controlling shareholders, through dividend payments and/or purchases of shares in subsidiaries which were already fully consolidated. The acquisition of the shares in STOXX Ltd. was financed by issuing debt securities with a nominal amount of €600.0 million.

The maturity of Series A of the private placements (U.S.$ 170.0 million) made in 2008 led to cash outflows of €150.5 million.

Moreover, the company placed Commercial Paper of €2,100.0 million (2014: €1,164.7 million), and paid out €2,065.0 million (2014: €1,205.0 million) due to maturing Commercial Paper issued.

Deutsche Börse AG paid dividends totalling €386.8 million (2014: €386.6 million) for the 2014 financial year.

Reconciliation to cash and cash equivalents

	31 December 2015	31 December 2014
	€m	
Restricted bank balances	26,870.0	22,283.5
Other cash and bank balances	711.1	826.1
Net position of financial instruments held by central counterparties	283.1	1,249.1
less bank loans and overdrafts	(42.2)	(0.7)
	27,822.0	24,358.0
Reconciliation to cash and cash equivalents		
Current receivables and securities from banking business	10,142.9	10,307.1
less loans to banks and customers with an original maturity of more than 3 months	(931.6)	(563.0)
less available-for-sale debt instruments	(62.3)	(401.1)
less derivatives	0	0
Current liabilities from banking business	(11,681.4)	(11,487.1)
Current liabilities from cash deposits by market participants	(26,869.0)	(22,282.4)
	(29,401.4)	(24,426.5)
Cash and cash equivalents	91,579.4)	(68.5)

34 Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the period attributable to Deutsche Börse AG shareholders by the weighted average number of shares outstanding.

In order to determine diluted earnings per share, potentially dilutive ordinary shares that may be acquired under the share-based payment programme (see also note 39) were added to the average number of

34 Earnings per share (Continued)

shares. In order to calculate the number of potentially dilutive ordinary shares, the exercise prices were adjusted by the fair value of the services still to be provided.

In order to determine diluted earnings per share, all SBP and Long-term Sustainable Instrument (LSI) tranches for which cash settlement has not been resolved are assumed to be settled with equity instruments—regardless of actual accounting in accordance with IFRS 2. The following potentially dilutive rights to purchase shares were outstanding as at 31 December 2015:

Calculation of the number of potentially dilutive ordinary shares

Tranche	Exercise price	Adjustment of the exercise price according to IAS 331)	Average number of outstanding options	Average price for the period(2)	Number of potentially dilutive ordinary shares
			31 December 2015		31 December 2015
	€	€		€	
2014(3)	0	0	25,043	75.70	25,043
Total					25,043

Notes:

(1) According to IAS 33.47 (a), the issue price and the exercise price for stock options and other share-based payment arrangements must include the fair value of any goods or services to be supplied to the entity in the future under the stock option or other share-based payment arrangement.

(2) Volume-weighted average price of Deutsche Börse AG shares on Xetra for the period 1 January to 31 December 2015.

(3) This relates to share subscription rights within the scope of the long-term sustainability plan for senior executives. The quantity of subscription rights under the 2014 tranche may still change from the quantity reported as at the balance sheet date, since subscription rights will only be granted in future financial years.

As the volume-weighted average share price was higher than the adjusted exercise price for the 2014 tranche, these stock options are considered to be dilutive under IAS 33 as at 31 December 2015.

Calculation of earnings per share (basic and diluted)

	2015	2014
Number of shares outstanding at beginning of period	184,186,855	184,115,657
Number of shares outstanding at end of period	186,723,986	184,186,855
Weighted average number of shares outstanding	184,997,923	184,151,519
Number of potentially dilutive ordinary shares	25,043	48,275
Weighted average number of shares used to compute diluted earnings per share	185,022,966	184,199,794
Net profit for the period attributable to Deutsche Börse AG shareholders (€m)	665.5	762.3
Earnings per share (basic) (€)	3.60	4.14
Earnings per share (diluted) (€)	3.60	4.14

110,179 subscription rights were excluded from the calculation of the weighted average of potentially dilutive shares as at 31 December 2015 since these shares do not have a dilutive effect during the financial year ending on the balance sheet date.

35 Segment reporting

Segment reporting is governed by the internal organisational and reporting structure, which is broken down by markets into the following four segments:

Segment	Business areas
Eurex	Electronic trading of European derivatives (Eurex Exchange), U.S. options (ISE), commodities (EEX group) and foreign exchange (360T)
	Eurex Repo over-the-counter (OTC) trading platform
	Electronic clearing architecture C7
	Central counterparty for on- and off-exchange derivatives and repo transactions
Xetra	Cash market with the Xetra and Börse Frankfurt trading venues
	Eurex Bonds OTC trading platform
	Central counterparty for equities and bonds
	Admission of securities to listing
Clearstream	Custody and settlement services for domestic and international securities
	Global securities financing services and collateral management
	Investment funds and hedge funds services
Market Data + Services	Distribution of licences for trading and market signals
	Development and sales of indices (STOXX)
	Technology solutions for external customers
	Trading participant connectivity

In accordance with IFRS 8, information on the segments is presented on the basis of internal reporting (management approach).

Sales revenue is presented separately by external sales revenue and internal (inter-segment) sales revenue. Inter-segment services are charged on the basis of measured quantities or at fixed prices (e.g. the provision of data by Eurex to Market Data + Services).

Due to their insignificance to segment reporting, the "financial income" and "financial expense" items have been combined to produce the "financial result".

35 Segment reporting (Continued)

Segment reporting

	Eurex		Xetra		Clearstream		Market Data and Services		Total of all segments		Consolidation of internal net revenue(1)		Group	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
								(€m)						
External sales revenue	953.5	1,208.7	184.7	211.1	826.6	893.2	383.0	409.8	2,347.8	2,722.8	0	0	2,347.8	2,722.8
Internal sales revenue	0	0	0	0	7.6	7.9	33.7	38.1	41.3	46.0	(41.3)	(46.0)	0	0
Total sales revenue	953.5	1,208.7	184.7	211.1	834.2	901.1	416.7	447.9	2,389.1	2,768.8	(41.3)	(46.0)	2,347.8	2,722.8
Net interest income from banking business	4.8	16.5	0	0	32.8	34.1	0	0	37.6	50.6	0	0	37.6	50.6
Other operating income	17.2	14.2	8.9	6.8	6.4	7.6	3.5	8.1	36.0	36.7	(12.9)	(13.1)	23.1	23.6
Total revenue	975.5	1,239.4	193.6	217.9	873.4	942.8	420.2	456.0	2,462.7	2,856.1	(54.2)	(59.1)	2,408.5	2,797.0
Volume-related costs	(168.1)	(214.2)	(31.7)	(33.1)	(175.4)	(196.4)	(39.7)	(45.0)	(414.9)	(488.7)	54.2	59.1	(360.7)	(429.6)
Net revenue (total revenue less volume-related costs)	807.4	1,025.2	161.9	184.8	698.0	746.4	380.5	411.0	2,047.8	2,367.4	0	0	2,047.8	2,367.4
Staff costs	(165.0)	(256.5)	(34.7)	(41.2)	(191.9)	(243.6)	(80.8)	(99.4)	(472.4)	(640.7)	0	0	(472.4)	(640.7)
Depreciation, amortisation and impairment losses	(62.7)	(81.4)	(6.0)	(4.9)	(41.0)	(44.4)	(15.1)	(13.0)	(124.8)	(143.7)	0	0	(124.8)	(143.7)
Other operating expenses	(226.0)	(261.9)	(33.6)	(34.9)	(145.7)	(169.7)	(112.3)	(124.7)	(517.6)	(591.2)	0	0	(517.6)	(591.2)
Operating costs	(453.7)	(599.8)	(74.3)	(81.0)	(378.6)	(457.7)	(208.2)	(237.1)	(1,114.8)	(1,375.6)	0	0	(1,114.8)	(1,375.6)
Net income from equity investments	77.9(2)	3.9	0.4	(3.2)	0	0.1	0	0	78.3	0.8	0	0	78.3	0.8
Earnings before interest and tax (EBIT)	431.6	429.3	88.0	100.6	319.4	288.8	172.3	173.9	1,011.3	992.6	0	0	1,011.3	992.6
Financial result	(44.2)	(45.1)	(1.4)	0.9	(2.9)	4.2	0.5	(2.4)	(47.9)	(42.4)	0	0	(47.9)	(42.4)
Earnings before tax (EBT)	387.4	384.2	86.6	101.5	316.5	293.0	172.8	171.5	963.4	950.2	0	0	963.4	950.2
Investments in intangible assets and property, plant and equipment(3)	60.5	71.5	1.6	2.1	63.3	73.4	8.1	7.5	133.5	154.5	0	0	133.5	154.5
Employees (as at 31 December)	1,332	1,865	305	326	2,228	2,350	675	742	4,540	5,283	0	0	4,540	5,283
EBIT margin (%)(4)	53	42	54	54	46	39	45	42	49	42	n.a.	n.a.	49	42

Notes:

(1) The consolidation of internal net revenue column shows the elimination of intra-Group sales revenue and profits.

(2) Including revenues in connection with the merger of Direct Edge Holdings, LLC and BATS Global Markets, Inc. (€63.0 million), a one-off gain of €10.6 million from the retrospective adjustment of the fair value of the consideration transferred as a result of the acquisition of EEX as at 1 January 2014, as well as an impairment loss for Zimory GmbH amounting to €3.6 million.

(3) Excluding goodwill.

(4) The EBIT margin is calculated as EBIT divided by net revenue.

In the year under review there was an extraordinary impairment loss of €5.8 million (2014: €3.9 million, see note 8).

Non-cash valuation allowances and bad debt losses resulted from the following segments:

Breakdown of non-cash valuation allowances and bad debt losses

	2015	2015
	(€m)	
Eurex	(0.1)	1.6
Xetra	0.3	(1.5)
Clearstream	(0.1)	0.3
Market Data and Services	(0.1)	0.2
Total	0	0.6

Deutsche Börse Group's business model—and that of its segments—is focused on an internationally operating participant base and pricing does not differ depending on the customer's location. From a price, margin and risk perspective, this means that it is not decisive whether sales revenue is generated from German or non-German participants.

35 Segment reporting (Continued)

The risks and returns from the activities of the subsidiaries operating within the economic environment of the European Monetary Union (EMU) do not differ significantly from each other on the basis of the factors to be considered in identifying information on geographical regions under IFRS 8. As a result, Deutsche Börse Group has identified the following information on geographical regions: the euro zone, the rest of Europe, America and Asia-Pacific.

Sales revenue is allocated to the individual regions according to the customer's domicile, while investments and non-current assets are allocated according to the company's domicile and employees according to their location.

As described above, the analysis of sales is based on the direct customer's billing address. This means for example, sales to an American investor trading a product with an Asian underlying via a European clearing member are classified as European sales. Thus, in addition to sales to customers based in the Asia-Pacific region, Deutsche Börse Group also reports sales of products based on Asia Pacific underlyings. These include, for example, trading of the South Korean KOSPI index on Eurex, settlement and custody services for securities issued by Asian entities, global securities financing from and with Asian customers, and index products such as the STOXX China Total Market indices. Furthermore, the Group earns net interest income on Asian customer balances. In total, this Asia-Pacific-driven business amounted to an additional €50.1 million in 2015 (2014: €48.1 million).

Information on geographical regions

	Sales revenue(1)		Investments(2)		Non-current assets(3)		Number of employees	
	2015	2014	2015	2014	2015	2014	2015	2014
	(€m)							
Euro zone	1,305.4	1,170.4	146.2	126.7	2,619.0	1,718.7	3,828	3,324
Rest of Europe	907.4	756.7	0	0	488.3	489.7	919	759
America	429.6	358.6	7.3	5.8	1,670.1	1,521.0	329	305
Asia-Pacific	126.4	103.4	1.0	1.0	3.8	2.2	207	152
Total of all regions	2,768.8	2,389.1	154.5	133.5	4,781.2	3,731.6	5,283	4,540
Consolidation of internal net revenue	(46.0)	(41.3)						
Group	2,722.8	2,347.8	154.5	133.5	4,781.2	3,731.6	5,283	4,540

Notes:

(1) Including countries in which more than 10 per cent. of sales revenue was generated: UK (2015: €695.7 million; 2014: €600.4 million), Germany (2015: €649.9 million; 2014: €605.8 million) and USA (2015: €414.6 million; 2014: €347.6 million).

(2) Excluding goodwill.

(3) Including countries in which more than 10 per cent. of non-current assets are held: USA (2015: €1,670.0 million; 2014: €1,521.0 million), Germany (2015: €2,317.0 million; 2014: €1,435.5 million) and Switzerland (2015: €471.9 million; 2014: €474.9 million).

36 Financial risk management

Deutsche Börse Group presents the qualitative disclosures required by IFRS 7 in detail in the combined management report (see explanations in the risk report, which is part of the combined management report), such as the nature and extent of risks arising from financial instruments, as well as the objectives, strategies and methods used to manage risk.

Financial risks arise at Deutsche Börse Group mainly in the form of credit risk. To a smaller extent, the Group is exposed to market risk. Financial risks are quantified using the economic capital concept (please refer to the risk report for detailed disclosures). Economic capital is assessed on a 99.98 per cent. confidence level for a one-year holding period. The economic capital is compared with the Group's liable equity capital adjusted by intangible assets so as to test the Group's ability to absorb extreme and unexpected losses. The economic capital for financial risk is calculated at the end of each month and

36 Financial risk management (Continued)

amounted to €468 million as at 31 December 2015, whereby €409 million stem from credit risk and €59 million stem from market risk.

The Group evaluates its financial risk situation on an ongoing basis. In the view of the Executive Board, no threat to the continued existence of the Group can be identified at this time.

Credit risk

Credit risk arises in Deutsche Börse Group from the following items:

Credit risk of financial instruments

			Carrying amounts—maximum risk exposure		Collateral	
			Amount at 31 December			
	Segment	Note	2015	2014	2015	2014
			(€)			
Collateralised cash investments						
Overnight money invested under securities repurchase agreements	Eurex(1)		0	950.0	0	997.5
Reverse repurchase agreements	Eurex(1)		0	7,878.9	0	7,965.8(2)
	Clearstream	16	5,217.4	6,952.4	5,231.0(3)(4)	6,955.7(3)(4)
	Group(1)		0	82.3	0	87.5
			5,217.4	15,863.6	5,231.0	16,006.5
Uncollateralised cash investments						
Money market lendings—central banks	Eurex(1)		25,972.1	13,790.9	0	0
Money market lendings—other counterparties	Eurex(1)		2.2	10.0	0	0
	Clearstream	16	3,714.5	1,949.0	0	0
	Group(1)		0	12.0	0	0
Balances on nostro accounts	Clearstream	16	736.8	357.5	0	0
	Group(1)		1,606.8	385.4	0	0
Other fixed-income securities	Clearstream	13, 16	281.0(5)	422.3(5)	0	0
Floating rate notes	Eurex	13	5.0	0	0	0
	Clearstream	13, 16	1,801.7(5)	1,539.0(5)	0	0
	Group	13	5.1(6)	5.1(6)	0	0
Fund assets	Eurex	13	11.9	10.8	0	0
	Group	13	9.5	9.1	0	0
			34,146.6	18,491.1	0	0
Loans for settling securities transactions						
Technical overdraft facilities	Clearstream	16	378.8	339.3	n.a.(7)	n.a.(7)
Automated Securities Fails Financing(8)	Clearstream		927.1(9)	520.4(9)	868.5	607.5
ASLplus securities lending(8)	Clearstream		48,602.8	44,700.0	50,409.4	46,792.3
			49,908.7	45,559.7	51,277.9	47,399.8
Total			89,272.7	79,914.4	56,508.9	63,406.3

36 Financial risk management (Continued)

	Segment	Note	Carrying amounts—maximum risk exposure		Collateral	
			Amount at 31 December			
			2015	2014	2015	2014
			(€)			
Other receivables						
Other loans	Group		0.2	0.4	0	0
Other assets	Group	32	924.9	489.1	0	0
Trade receivables	Group		554.1	342.9	0	0
Receivables from related parties	Group		4.7	1.0	0	0
Margin requirements	Clearstream	16	6.8	18.0	0	0
			1,490.7	851.4	0	0
Financial instruments held by central counterparties			49,538.6(10)	41,814.4(10)	63,237.7(11)	55,212.6(11)
Derivatives		14	24.5	34.6	0	0
Financial guarantee contracts(8)			50.8	12.8	0	0
Total			140,377.3	122,627.6	119,782.6	118,618.9

Notes:

(1) Presented in the items “restricted bank balances” and “other cash and bank balances”

(2) Thereof € nil repledged to central banks (2014: €757.5 million).

(3) Thereof €3,114.5 million transferred via transfer of title to central banks (2014: €2,230.0 million).

(4) Total of fair value of cash (€4.3 million; 2014: nil) and securities collateral (€5,226.7 million; 2014: €6,955.7 million) received under reverse repurchase agreements.

(5) Thereof €1,863.4 million transferred to central banks (2014: €1,875.3 million).

(6) The amount includes collateral totalling €5.1 million (2014: €5.0 million).

(7) The portfolio of deposited collateral is not directly attributed to any utilisation, but is determined by the scope of the entire business relationship and the limits granted.

(8) Off-balance-sheet items.

(9) Meets the IAS 39 criteria for a financial guarantee contract.

(10) Net value of all margin requirements resulting from executed trades at the reporting date as well as clearing fund requirements: this figure represents the risk-oriented view of Eurex Clearing AG and European Commodity Clearing AG, while the carrying amount of the “financial instruments held by central counterparties” item in the balance sheet shows the gross amount of the open trades according to IAS 32.

(11) Collateral value of cash and securities collateral deposited for margins, covering the net value of all margin and clearing fund requirements.

Cash investments

Deutsche Börse Group is exposed to credit risk in connection with the investment of cash funds. The Group mitigates such risks by investing short-term funds either—to the extent possible—on a collateralised basis, e.g. via reverse repurchase agreements or by deposits with central banks.

According to the treasury policy, mainly highly liquid financial instruments with a minimum rating of AA − (S&P/Fitch) resp. Aa3 (Moody’s) issued or guaranteed by governments or supranational institutions are eligible as collateral.

Uncollateralised cash investments are permitted only for counterparties with sound creditworthiness within the framework of defined counterparty credit limits. Furthermore individual subsidiaries place cash in money market or other mutual funds as well as U.S. treasuries or municipal bonds with maturities of less than two years. Counterparty credit risk is monitored on the basis of an internal rating system.

36 Financial risk management (Continued)

The fair value of securities received under reverse repurchase agreements (Clearstream subgroup, Eurex Clearing AG and Deutsche Börse AG) was €5,226.7 million (2014: €16,006.5 million). The Clearstream subgroup and Eurex Clearing AG are entitled to repledge the securities received to their central banks to regain liquidity.

The fair value of securities received under reverse repurchase agreements transferred via transfer of title to central banks at Clearstream subgroup amounted to €3,114.5 million as at 31 December 2015 (2014: €2,230.0 million). As at 31 December 2015 Eurex Clearing AG has not repledged securities to central banks (2014: €757.5 million).

A portion of the available-for-sale fixed-income financial instruments and floating rate notes held by Clearstream is transferred via transfer of title to central banks to collateralise the settlement facilities obtained. The fair value of transferred securities was €1,863.4 million as at 31 December 2015 (2014: €1,875.3 million).

Clearstream receives cash contributions from its customers in various currencies, and invests these cash contributions in money market instruments. If negative interest rates apply to these cash investments, the interest expense is charged to the respective customers. Clearstream may, however, decide not to charge the negative interest rates to its customers in individual cases. In 2014, Clearstream decided not to charge negative interest rates that had arisen from euro denominated investments, thus contributing to the year-on-year decline in net interest income. With effect from 2 March 2015, Clearstream has decided to charge negative interest rates on euro denominated cash investments.

Eurex Clearing AG receives cash collateral from its clearing members mainly in its clearing currencies euro and Swiss francs. Negative interest rates resulting from reinvestments on this cash collateral are passed on to the clearing members after deducting a margin.

Loans for settling securities transactions

Clearstream grants customers technical overdraft facilities to maximise settlement efficiency. These settlement facilities are subject to internal credit review procedures. They are revocable at the option of the Clearstream subgroup and are largely collateralised. Technical overdraft facilities amounted to €108.6 billion as at 31 December 2015 (2014: €96.9 billion). Of this amount, €3.4 billion (2014: €3.1 billion) is unsecured, whereby a large proportion relates to credit lines granted to central banks and other government-backed institutions. Actual outstandings at the end of each business day generally represent a small fraction of the facilities and amounted to €378.7 million as at 31 December 2015 (2014: €339.3 million); see note 16.

Clearstream also guarantees the risk resulting from the Automated Securities Fails Financing programme it offers to its customers. This risk is collateralised. Guarantees given under this programme amounted to €927.1 million as at 31 December 2015 (2014: €520.4 million). Collateral received by Clearstream Banking S.A. in connection with these loons amounted to €868.5 million (2014: €607.5 million).

Under the ASLplus securities lending programme, Clearstream Banking S.A. had securities borrowings from various counterparties totalling €48,602.8 million as at 31 December 2015 (2014: €44,700.0 million). These securities were fully lent to other counterparties. Collateral received by Clearstream Banking S.A. in connection with these loans amounted to €50,409.4 million (2014: €46,792.3 million).

In 2014 and 2015, no losses from credit transactions occurred in relation to any of the transaction types described.

Financial instruments of the central counterparties

To safeguard the Group's central counterparties against the risk of default by a clearing member, the clearing conditions require the clearing members to deposit margins in the form of cash or securities on a daily basis or an intraday basis in the amount stipulated by the clearing house. Additional security mechanisms of the Group's central counterparties are described in detail in the risk report.

36 Financial risk management (Continued)

The aggregate margin calls based on the executed transactions and clearing fund requirements after haircuts was €49,538.6 million at the reporting date (2014: €41,814.4 million). In fact, collateral totalling €63,273.8 million (2014: €55,212.7 million) was deposited.

Composition of collateral held by central counterparties

	Collateral value at 31 December	
	2015	2014
	(€m)	
Cash collateral (cash deposits)[1]	26,861.3	22,278.1
Securities and book-entry securities collateral[2][3]	36,412.5	32,934.6
Total	63,273.8	55,212.7

Notes:

(1) The amount includes the clearing fund totalling €2,399.7 million (2014: €1,729.7 million).

(2) The amount includes the clearing fund totalling €2,160.3 million (2014: €1,917.3 million).

(3) The collateral value is determined on the basis of the fair value less a haircut.

Other receivables

Trading, settlement and custody fees are generally collected without delay by direct debit. Fees for other services, such as the provision of data and information, are settled mainly by transfer. As a result of default by customers, receivables of €3.1 million (2014: €4.7 million) relating to fees for trading and provision of data and IT services are not expected to be collectible.

In contrast to the risk-oriented net analysis of the transactions via the central counterparties, the gross amounts are reported in the balance sheet, as the offsetting rules defined in IAS 32 cannot be met. For a detailed explanation of this balance sheet item, see "Financial instruments held by central counterparties" section in note 3 or note 15. For an analysis of the carrying amount, see note 15.

Credit risk concentrations

Deutsche Börse Group's business model and the resulting business relationships mean that, as a rule, credit risk is concentrated on the financial services sector. Potential concentrations of credit risk on individual counterparties are limited by application of counterparty credit limits.

The regulatory requirements on concentration risks and so called large exposures, such as those arising from articles 387–410 of regulation (EU) 575/2013 (Capital Requirements Regulation, CRR) and article 47 paragraph 8 of regulation (EU) 648/2012 (European Market Infrastructure Regulation, EMIR), are in general complied with.

See also note 20 for an explanation of regulatory capital requirements.

Deutsche Börse Group carries out VaR calculations in order to detect credit concentration risks. In 2015, no significant credit concentrations were assessed.

The required economic capital for credit risk is calculated for each business day and amounted to €409.0 million as at 31 December 2015 (2014: €374.0 million).

Market risk

As part of the annual planning, Deutsche Börse Group's treasury policy requires any net earnings exposure from currencies to be hedged using forward foreign exchange transactions if the unhedged exposure of an individual currency exceeds 10 per cent. of consolidated EBIT. Foreign exchange exposures below 10 per cent. of consolidated EBIT may also be hedged.

On an intraperiod basis, the risk exposure described above is monitored against the latest EBIT forecast.

36 Financial risk management (Continued)

In addition, the policy stipulates that intraperiod open net foreign exchange positions are closed out when they exceed €15.0 million. This policy was complied with, as in the previous year; as at 31 December 2015, there were no significant net foreign exchange positions.

Currency risks in the Group arise mainly from operating income and expenses denominated in U.S. dollars, balance sheet items of ISE denominated in U.S. dollars, plus that portion of Clearstream's sales revenue and interest income (less expenses) that is directly or indirectly generated in U.S. dollars. As at 31 December 2015, ISE accounted for 25 per cent. of the Eurex segment's sales revenue (2014: 25 per cent.). In addition, the Clearstream segment generated 10 per cent. of its sales revenue and interest income (2014: 9 per cent.) directly or indirectly in U.S. dollars.

Acquisitions where payment of the purchase price results in material currency risk are generally hedged.

The Group has partially hedged its investment in ISE against foreign currency risks by issuing fixed-income U.S. dollar debt securities. The investment in ISE (hedged item) constitutes a net investment in a foreign operation. The U.S. dollar securities designated as hedging instruments for the net investment hedge were issued in a nominal amount of U.S.$290.0 million.

Interest rate risks arise further from debt financing of acquisitions. To refinance existing indebtedness and to finance the full acquisition of STOXX Ltd. and Indexium AG Deutsche Börse AG placed a hybrid bond of €600.0 million in July 2015. Furthermore in September 2015 Deutsche Börse AG successfully placed a senior bond in the market in an aggregate principal amount of € 500.0 million to partially finance the acquisition of 360T Beteiligungs GmbH. For an overview on details on all bonds issued by Deutsche Börse Group see "Net assets" in the report on economic position.

Equity price risks arise from contractual trust arrangements (CTAs) and from the Clearstream Pension Fund in Luxembourg. In addition, there are equity price risks arising from strategic equity investments in other exchange operators.

Economic capital is calculated at the end of each month for market price risks that can arise in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates as well as through fluctuations of the asset value of the CTA and the Clearstream Pension Fund in Luxembourg. On 31 December 2015, the economic capital for market price risk was €59.0 million (2014: €37.0 million).

In financial year 2015, impairment losses amounting to €5.8 million (2014: €3.9 million) were recognised in profit and loss for strategic investments that are not included in the VaR for market price risk.

Liquidity risk

For the Group, liquidity risk may arise from potential difficulties in renewing maturing financing, such as commercial paper and bilateral and syndicated credit facilities. In addition, financing required for unexpected events may result in a liquidity risk. Most of the Group's cash investments are short-term to ensure that liquidity is available, should such a financing need arise. Eurex Clearing AG remains almost perfectly matched with respect to the durations of customer cash margins received and investments, only a limited amount of which may have tenors of up to one month, while the Clearstream subgroup may invest customer balances up to a maximum of one year in secured money market products or in high-quality securities with a remaining maturity of less than ten years, subject to strict monitoring of mismatch and interest rate limits (see note 31 for an overview of the maturity structure). Term investments can be transacted via reverse repurchase agreements against highly liquid collateral that can be deposited with the central bank and can be used as a liquidity buffer if required.

36 Financial risk management (Continued)

Contractually agreed credit lines

Company	Purpose of credit line	Currency	Amount at 31 December 2015	2014
			(m)	
Deutsche Börse AG	working capital(1)	€	605.0	605.0
Eurex Clearing AG	settlement	€	1,170.0	1,370.0
	settlement	CHF	100.0	200.0
Clearstream Banking S.A.	working capital(1)	€	750.0	750.0

Note:

(1) €400.0 million of Deutsche Börse AG's working capital credit lines is a sub-credit line of Clearstream Banking S.A.'s €750.0 million working capital credit line.

For refinancing purposes, Eurex Clearing AG and the Clearstream subgroup can pledge eligible securities with their respective central banks.

Clearstream Banking S.A. has a bank guarantee (letter of credit) in favour of Euroclear Bank S.A./N.V. issued by an international consortium to secure daily deliveries of securities between Euroclear Bank S.A./N.V. and Clearstream Banking S.A. This guarantee amounted to U.S.$3.0 billion as at 31 December 2015 (2014: U.S.$3.0 billion). Euroclear Bank S.A./N.V. has also issued a guarantee in favour of Clearstream Banking S.A. amounting to U.S.$2.5 billion (2014: U.S.$2.5 billion).

Furthermore, Eurex Clearing AG holds a credit facility of U.S.$1.7 billion (2014: U.S.$2.1 billion) granted by Euroclear Bank S.A./N.V. in order to maximise settlement efficiency.

A commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies. As at year-end, commercial paper with a nominal value of €95.0 million had been issued (2014: €60.0 million).

Clearstream Banking S.A. also has a commercial paper programme with a programme limit of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2015, commercial paper with a nominal value of €286.5 million had been issued (2014: €193.2 million).

As at 31 December 2015, Standard & Poor's confirmed Deutsche Börse AG's "AA" credit rating with negative outlook. Deutsche Börse AG was one of only two DAX-listed companies that had been given an AA rating by Standard & Poor's. Deutsche Börse AG's commercial paper programme was awarded the best possible short-term rating of A-1+.

The "AA" rating of Clearstream Banking S.A. was confirmed with a stable outlook by the rating agencies Fitch and Standard & Poor's in October 2015. For further details on the rating of Deutsche Börse Group, see the "Financial position" section in the combined management report.

37 Financial liabilities and other risks

For the coming financial years, the Group's expenses in connection with long-term contracts relating to maintenance contracts and other contracts (without rental and lease agreements, see note 38) are presented in the following:

Breakdown of future financial obligations

	31 December 2015	2014
	(€m)	
Up to 1 year	60.9	59.0
1 to 5 years	60.8	97.2
More than 5 years	9.9	25.5
Total	131.6	181.7

37 Financial liabilities and other risks (Continued)

Other litigation and liability risks

Contingent liabilities may result from present obligations and from possible obligations arising from events in the past. Deutsche Börse Group recognises provisions for the possible incurrence of losses only if there is a present obligation arising from a past event that is likely to result in an outflow of resources, and if Deutsche Börse Group can reliably estimate the amount of the obligation (see also note 3). In order to identify the litigation for which the possibility of incurring a loss is more than unlikely, as well as how the possible loss is estimated, Deutsche Börse Group considers a large number of factors, including the nature of the claim and the facts on which it is based, the jurisdiction and course of the individual proceedings, the experience of Deutsche Börse Group, prior settlement talks (as far as have already taken place) as well as expert reports and evaluations of legal advisors. However, it is also possible that no reliable estimate for any specific litigation could be determined before the approval of the consolidated financial statements, and that—as a result—no provisions are recognised.

Peterson vs Clearstream Banking S.A., Citibank NA et al.* ("Peterson I") and *Heiser vs Clearstream Banking S.A.

In its corporate report 2012, Deutsche Börse Group informed about proceedings, *Peterson vs Clearstream Banking S.A.*, the first Peterson proceeding, initiated by various plaintiffs seeking turnover of certain customer positions held in Clearstream Banking S.A.'s securities omnibus account with its U.S. depository bank, Citibank NA, and asserting direct claims against Clearstream Banking S.A. for damages of U.S.$250.0 million. That matter was settled between Clearstream Banking S.A. and the plaintiffs and the direct claims against Clearstream Banking S.A. were abandoned.

In July 2013, the U.S. court ordered turnover of the customer positions to the plaintiffs, ruling that these were owned by Bank Markazi, the Iranian central bank. Bank Markazi appealed, and the decision was affirmed on 9 July 2014. Bank Markazi has sought review in the Supreme Court. Once that process is complete, if the funds are turned over, a related case, Heiser vs Clearstream Banking S.A., also seeking turnover of the same assets, will be dismissed.

***Peterson vs Clearstream Banking S.A.* ("Peterson II")**

On 30 December 2013, a number of U.S. plaintiffs from the first Peterson case, as well as other U.S. plaintiffs, filed a complaint targeting restitution of certain blocked assets that Clearstream Banking S.A. holds as a custodian in Luxembourg. In 2014, the defendants in this action, including Clearstream Banking S.A., moved to dismiss the case. On 19 February 2015, the U.S. court issued a decision granting the defendants' motions and dismissing the lawsuit. On 6 March 2015, the plaintiffs appealed the decision to the Second Circuit Court of Appeals.

Criminal investigations against Clearstream Banking S.A.

On 2 April 2014, Clearstream Banking S.A. was informed that the United States Attorney for the Southern District of New York has opened a grand jury investigation against Clearstream Banking S.A. due to Clearstream Banking S.A.'s conduct with respect to Iran and other countries subject to U.S. sanction laws. Clearstream Banking S.A. is cooperating with the U.S. attorney.

Dispute between MBB Clean Energy AG and investors

A dispute has arisen between MBB Clean Energy AG (MBB), the issuer of a bond eligible in Clearstream Banking AG, and end investors. MBB issued a first tranche of the bond in April 2013 and a second tranche of the bond in December 2013. The global certificates for the two tranches of the bond were delivered into Clearstream Banking AG by the paying agent of the issuer. The dispute relates to the non- payment of the second tranche of the bond with a nominal value of €500.0 million and the purported lack of validity of the bond. Clearstream Banking AG's role in the dispute on the purported lack of validity of the MBB Clean Energy AG bond is primarily to safekeep the global note, deposited by the paying agent of the issuer, as national central securities depository. At this stage, it is unclear if and to what extent potential damages exist and if so, who would ultimately be responsible. Provisional insolvency proceedings have meanwhile been opened in respect of the issuer, MBB Clean Energy AG.

37 Financial liabilities and other risks (Continued)

CBOE vs ISE

On 12 November 2012, the Chicago Board Options Exchange (CBOE) filed a patent infringement law suit against the International Securities Exchange (ISE) (the "CBOE Litigation"). In the CBOE Litigation, CBOE alleges U.S.$525.0 million in damages for infringement of three patents, which relate to systems and methods for limiting market-maker risk. ISE believes that CBOE's damages claim lacks merit because it is unsupported by the facts and the law. ISE intends to vigorously defend itself in this lawsuit. Upon ISE's motion, the case was stayed, pending the outcome of certain petitions filed by ISE with the U.S. Patent and Trademark Office (USPTO) in which ISE sought to invalidate the CBOE patents. On 2 March 2015, the USPTO has partially granted ISE's petitions and has issued decisions determining that all three CBOE patents are at least insofar invalid as they constitute unpatentable abstract ideas. These decisions have been appealed by CBOE to the U.S. Court of Appeals for the Federal Circuit. A decision on those appeals is expected in the second half of 2016.

In addition to the matters described above and in prior disclosures, Deutsche Börse Group is from time to time involved in various legal proceedings that arise in the ordinary course of its business. The Group recognises provisions for litigation and regulatory matters when it has a present obligation arising from a past event, an outflow of resources with economic benefit to settle the obligation is probable, and it is able to reliably estimate the amount. In such cases, there may be an exposure to loss in excess of the amounts recognised as provisions. When the conditions are not met, the Group does not recognise a provision. As a litigation or regulatory matter develops, Deutsche Börse Group evaluates on an ongoing basis whether the requirements to recognise a provision are met. The Group may not be able to predict what the eventual loss or range of loss related to such matters will be. The Group does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its financial data as a whole.

Other liability risks

On 27 February 2015, the International Securities Exchange, LLC made an additional investment of U.S.$30.0 million in The Options Clearing Corporation (OCC) as part of its plan to fund increased regulatory capital requirements. Following this investment, the International Securities Exchange, LLC will retain its 20 per cent. ownership in OCC and will be entitled to a share of profits distributed as dividends. Prior to this additional investment, OCC refunded excess revenues to its clearing members with no income distributed to shareholders. The International Securities Exchange, LLC has also committed to a capital replenishment plan that provides up to an additional U.S.$40.0 million of funding in the event that OCC regulatory capital is depleted due to losses other than from the clearing fund.

Tax risks

Due to its business activities in various countries, Deutsche Börse Group is exposed to tax risks. A process has been developed to recognise and evaluate these risks, which are initially recognised depending on the probability of occurrence. In a second step, these risks are measured on the basis of their expected value. A tax provision is recognised in the event that it is more probable than not that the risks will occur. Deutsche Börse Group continuously reviews whether the conditions for recognising of corresponding tax provisions are met.

38 Leases

Finance leases

There were no minimum lease payments from finance leases for Deutsche Börse Group neither as at 31 December 2015 nor as at 31 December 2014.

Operating leases (as lessee)

Deutsche Börse Group has entered into leases to be classified as operating leases due to their economic substance, meaning that the leased asset is allocated to the lessor. These leases relate mainly to buildings, IT hardware and software.

38 Leases (Continued)

Minimum lease payments from operating leases(1)

	31 December	
	2015	2014
	(€m)	
Up to 1 year	67.6	60.5
1 to 5 years	193.7	192.4
More than 5 years	155.4	185.6
Total	416.7	438.5

Note:

(1) The expected payments in U.S. dollars were translated into euros applying the closing rate of 31 December.

In the reporting period, minimum lease payments amounting to €63.3 million (2014: €59.9 million) were recognised as expenses. No expenses were incurred for subleases or contingent rentals in the reporting period.

Operating leases for buildings, some of which are subleased, have a maximum remaining term of eleven years. The lease contracts usually terminate automatically when the lease expires. The Group has options to extend some leases.

Expected rental income from subleases(1)

	31 December	
	2015	2014
	(€m)	
Up to 1 year	0.9	1.1
1 to 5 years	0.7	1.1
Total	1.6	2.2

Note:

(1) The expected payments in U.S. dollars were translated into euros applying the closing rate of 31 December.

39 Share-based payment

Stock Bonus Plan (SBP)

In the reporting period, the company established an additional tranche of the SBP. In order to participate in the SBP, a beneficiary must have earned a bonus. The number of stock options for senior executives is determined by the amount of the individual and performance-based SBP bonus for the financial year, divided by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the fourth quarter of the financial year in question. Neither the converted SBP bonus nor the stock options are paid at the time the bonus is determined. Rather, the entitlement is generally received two or three years after the grant date ("waiting period"). Within this period, beneficiaries cannot assert shareholder rights (in particular, the right to receive dividends and attend the Annual General Meeting). Once they have met the condition of service, the beneficiaries' claims resulting from the SBP are calculated on the first trading day following the last day of the waiting period. The current market price at that date (closing auction price of Deutsche Börse share in electronic trading on the Frankfurt Stock Exchange) is multiplied by the number of SBP shares.

A new SBP programme was launched in April 2013 for members of the executive board of Eurex Clearing AG. This programme has a three-year waiting period from the grant date. This SBP tranche is measured using the same parameters as the SBP for senior executives.

For the stock bonus of senior executives under the 2012 to 2014 tranches, Deutsche Börse AG has an option to settle a beneficiary's claim in cash or shares. The company settled the 2012 tranche claims in cash

39 Share-based payment (Continued)

in February 2015. Cash settlement has been agreed for the 2015 tranche. A cash settlement obligation has existed for claims relating to the stock bonus of the Executive Board since the 2010 tranche and the Stock Plan for the executive board members of the Clearstream companies since the 2011 tranche.

Since 1 January 2010, a different method has been applied to calculate the number of stock options for members of the Executive Board of Deutsche Börse AG, which was terminated prematurely, on 31 December 2015. The method is described below.

To calculate the number of stock options for Executive Board members under the a SBP tranche, the Supervisory Board defined the 100 per cent. stock bonus target in euros for each Executive Board member at the beginning of each financial year. Based on the 100 per cent. stock bonus target defined by the Supervisory Board at the beginning of each financial year, the corresponding number of virtual shares for each Executive Board member was calculated by dividing the stock bonus target by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the two calendar months preceding the month in which the Supervisory Board adopted the resolution on the stock bonus target. Any right to payment of a stock bonus vested only at the end of a so-called performance period. This performance period was originally three years, but was terminated early, on 31 December 2015, for the 2013 to 2015 tranches, given the introduction of a new remuneration system commencing on 1 January 2016. Settlement of these tranches is scheduled for March 2016. Members of the Executive Board are obliged to invest payments made from the 2014 and 2015 tranches into Deutsche Börse AG shares according to the new remuneration scheme.

The calculation of the payout amount of the stock bonus for the Executive Board depended on the development of two performance factors during the performance period: firstly, on the relative performance of the total shareholder return (TSR) on Deutsche Börse AG's shares compared with the total shareholder return of the STOXX Europe 600 Financials Index as the peer group, and secondly, on the performance of Deutsche Börse AG's share price. This was multiplied by the number of virtual shares at the end of the performance period to determine the stock bonus. The share price used to calculate the cash payment claims of Executive Board members from the stock bonus was calculated as the average price of Deutsche Börse AG's shares (Xetra closing price) in the two full calendar months preceding the end of the adjusted performance period, which was subject to early termination as at 31 December 2015.

In the year under review, a new remuneration program (Co-Performance Investment Plan, CPIP) was introduced, and the CEO was offered a one-time participation. The appropriate number of virtual shares is calculated based on the number of shares granted and the increase of Deutsche Börse AG's net profit for the period attributable to shareholders of the parent company, as well as on the relative performance of the total shareholder return (TSR) on Deutsche Börse AG's shares compared with the total shareholder return of the STOXX Europe 600 Financials Index entities. The performance period for the measurement of the performance criteria commenced on 1 January 2015 and ends on 31 December 2019. The shares are subject to a performance period of five years and a holding period until 31 December 2019. The subsequent payment of the stock bonus will be settled in cash, by 31 March 2021.

Stock Plan

On 20 April 2009, the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) published a circular on remuneration policies in the banking sector that addresses key aspects of remuneration practices for sustainable corporate governance and supports their implementation in banking institutions' day-to-day operations. According to this circular, every banking institution is required to introduce a remuneration policy that is aligned with its business strategy and corporate goals and values, as well as with the long-term interests of the financial enterprise, its clients and investors, and that minimises the institution's risk exposure. Clearstream companies in Luxembourg have therefore revised their remuneration system for executive boards in line with the circular, and introduced a Stock Plan. The Stock Plan stipulates the allocation of a stock bonus at the end of each financial year, which will be paid in three tranches of equal size with maturities of one, two or three years after the grant date. Claims under the Stock Plan have to be cash-settled if the performance targets already agreed in the year in which the targets were specified are met, irrespective of any condition of service.

39 Share-based payment (Continued)

The number of stock options under the Stock Plan is determined by the amount of the individual performance-based bonus established for each Executive Board member, divided by the average market price (Xetra closing price) for Deutsche Börse AG shares in the fourth quarter of the financial year in question. As the contracts require the stock bonus to be exercised gradually, it is divided into three separate tranches, which are measured according to their respective residual term using the corresponding parameters of the Stock Bonus Plan for senior executives. This programme expired at the end of financial year 2013.

Evaluation of the Stock Bonus Plan (SBP) and the Stock Plan

In accordance with IFRS 2, the company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the stock options.

Valuation parameters for SBP shares

		Tranche 2015(1)	Tranche 2014	Tranche 2013(2)	Tranche 2012(2)
Term		31 December 2015– 31 December 2019	31 December 2015– 31 December 2018	31 December 2015– 31 December 2017	31 January 2016
Risk-free interest rate	%	(0.4) to (0.15)	(0.40) to (0.26)	(0.40) to (0.39)	(0.40)
Volatility of Deutsche Börse AG shares	%	0 to 22.54	0 to 28.03	0 to 28.03	32.37
Dividend yield	%	2.58	2.58	2.58	2.58
Exercise price	€	0	0	0	0
Relative total shareholder return	%	21.91; 50.00	39.52	49.15	—
Net profit for the period attributable to Deutsche Börse AG shareholders(3)	%	20.00	—	—	—

Notes:

(1) The SBP 2015 tranche includes SBP options of the Stock Plan for Executive Board members as well as the shares of the Co-Performance Investment Plan, which are subject to different measurement parameters.

(2) The SBP 2012 and 2013 tranches also include SBP options of the Stock Plan for the executive board members of the Luxembourg companies and SBP options of the 2013 tranche for the members of the Executive Board of Eurex Clearing AG. These options are evaluated using different parameters.

(3) Relevant for valuation of shares which relate to CPI.

The valuation model does not take into account exercise hurdles. The volatilities applied correspond to the market volatilities of comparable options with comparable maturities.

39 Share-based payment (Continued)

Valuation of SBP shares

Tranche	Balance at 31 December 2015	Deutsche Börse AG share price at 31 December 2015	Intrinsic value/ option at 31 December 2015	Fair value/ option at 31 December 2015	Settlement obligation	Current provision at 31 December 2015	Non-current provision at 31 December 2015
	Number		(€)			(€m)	
2012	5,089	81.39	81.39	81.21	0.4	0.4	0
2013	148,469	81.39	81.39	79.14–81.39	11.7	6.1	4.1
2014	87,543	81.39	81.39	76.79–81.39	6.9	5.3	0.7
2015(1)	179,499	81.39	81.39	11.60; 73.50–79.86	13.6	5.7	1.3
Total	420,600				32.6	17.6	6.2

Note:

(1) Given that the 2015 tranche stock options for senior executives as well as the CPIP shares will be granted in the years from 2016 to 2019, the number of shares applicable as at the balance sheet date may be adjusted subsequently.

The stock options from the 2011 and 2012 SBP tranches were exercised in the reporting period following expiration of the vesting period. The average exercise price for the 2011 tranche following expiration of the vesting period was €68.18 and €67.53 for the 2012 tranche. Shares of the SBP tranches 2013 and 2014 were paid to former employees as part of severance payments in the reporting year. The average exercise price amounted to €74.52 for the 2013 tranche and €75.08 for the 2014 tranche. The average price for forfeited stock options amounted to €59.98 for the 2012 tranche, €52.76 for the 2013 tranche and €45.99 for the 2014 tranche. The remaining 2015 tranche was settled upon Reto Francioni’s resignation from the company, at an exercise price of €75.08.

The average share price (Xetra closing price) of Deutsche Börse AG’s shares in the two calendar months preceding the end of the performance period was €79.86. The stock bonus for members of the Executive Board will be settled in March 2016. Due to the early termination, €0.2 million in expenses was recognised in staff expenses for the 2013 tranche; expenses recognised for the 2014 and 2015 tranches amounted to €2.0 million and €4.1 million, respectively.

The carrying amount of the provision for the SBP results from the measurement of the number of SBP shares at the fair value of the closing auction price of Deutsche Börse shares in electronic trading at the Frankfurt Stock Exchange at the reporting date and its proportionate recognition over the vesting period.

Provisions for the SBP, the Stock Plan and the Co-Performance Investment Plan (CPIP) amounting to €23.8 million were recognised at the reporting date of 31 December 2015 (31 December 2014: €14.5 million). Of the provisions, €17.8 million were attributable to members of the Executive Board (2014: €7.7 million). The total cost of the SBP shares in the reporting period was €22.8 million (2014: €6.5 million). Of that amount, an expense of €16.0 million was attributable to members of the Executive Board active at the reporting date (2014: €3.8 million).

For further information on the number of SBP shares granted to members of the Executive Board, and the new remuneration system for members of the Executive Board applicable as from 1 January 2016, please also refer to the “Remuneration report”.

39 Share-based payment (Continued)

Change in number of SBP shares allocated

	Balance as at 31 December 2014	Additions/ (disposals) Tranche 2012	Additions/ (disposals) Tranche 2013	Additions/ (disposals) Tranche 2014	Additions Tranche 2015	Fully settled cash options	Options forfeited	Balance as at 31 December 2015
To the Executive Board[1]	200,437	9,383[2]	21,686[2]	17,286[2]	170,713	116,497	0	303,008
To other senior executives	178,356	1,162	1,774	(756)	15,225	77,446	723	117,592
Total	378,793	10,545	23,460	16,530	185,938[3]	193,943	723	420,600

Notes:

(1) Including stock options from the 2012 SBP tranche of a former member of the Executive Board as well as the 2012 to 2015 SBP tranches of the Chief Executive Officer, who retired in the year under review.

(2) This relates to an increase in the number of SBP shares caused by a rise of the TSR compared to the 100 per cent. value at the time the respective tranche was issued.

(3) Given that the 2015 SBP tranche stock options for senior executives as well as the CPIP shares will be granted in the years from 2016 to 2019, the number of shares applicable as at the balance sheet date may be adjusted subsequently.

Long-term Sustainable Instrument (LSI)

Deutsche Börse Group introduced another share-based payment programme effective 1 January 2014. The programme meets the requirements of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013. This regulation was transposed into German law through amendments to the supervisory requirements for the remuneration systems of institutions laid down in the Institutsvergütungsverordnung (German Remuneration Regulation for Institutions), effective 16 December 2013, and amendments to the Kreditwesengesetz (German Banking Act). The aim of this regulation is to align the corporate goals even more closely with remuneration, especially in the banking sector, and thus to ensure the goals are more sustainable. In the year under review, the company launched another LSI tranche.

The remuneration model requires at least half of the variable remuneration to be settled in cash and half in shares of Deutsche Börse AG (LSI shares). A portion of the variable remuneration is paid in the subsequent year and another portion over a further period of three or four years.

The number of LSI shares is calculated by dividing the proportionate LSI bonus for the year in question by the average closing price of Deutsche Börse AG shares in the last month of a financial year. This results in individual LSI tranches for the LSI bonus, which have maturities of between one and up to five years. Payment of each tranche is made after a vesting period of one year. The remuneration system does not stipulate any condition of service. Following the expiry of the vesting period, the LSI shares are measured on the basis of the average closing price of Deutsche Börse AG shares in the last month preceding the end of the vesting period. Settlement is generally made in cash, although the employer has the right to settle by delivering Deutsche Börse AG shares for the 2014 tranche.

In accordance with IFRS 2, the company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the LSI shares.

39 Share-based payment (Continued)

Valuation parameters for LSI shares

Term		Tranche 2015 31 March 2017–31 March 2021	Tranche 2014 31 March 2016–31 March 2020
Risk-free interest rate	%	(0.39) to (0.01)	(0.40) to (0.15)
Volatility of Deutsche Börse AG shares	%	21.90 to 26.11	21.90 to 24.86
Dividend yield	%	2.58	2.58
Exercise price	€	0	0

The valuation model does not take into account exercise hurdles. The volatilities applied correspond to the market volatilities of comparable options with comparable maturities.

Valuation of LSI shares

	Balance as at 31 December 2015	Deutsche Börse AG share price as at 31 December 2015	Intrinsic value/ option as at 31 December 2015	Fair value/ option as at 31 December 2015	Settlement obligation	Current provision as at 31 December 2015	Non-current provision as at 31 December 2015
	Number		(€)			(€m)	
Tranche 2014	46,197[1]	81.39	81.39	73.50–79.33	3.6	1.7	1.9
Tranche 2015	47,545[2]	81.39	81.39	71.65–79.33	3.6	0	3.6
Total	93,742				7.2	1.7	5.5

Notes:

(1) As the grant date for the 2014 tranche is in part not until financial years 2016 to 2019, the number indicated at the reporting date may change subsequently.

(2) As the grant date for the 2015 tranche is in part not until financial years 2016 to 2020, the number indicated at the reporting date may change subsequently.

The carrying amount of the provisions for the Long-term Sustainable Instrument results from the measurement of the number of LSI shares at the fair value of the closing auction price of Deutsche Börse shares in electronic trading at the Frankfurt Stock Exchange at the reporting date.

Provisions amounting to €7.2 million were recognised as at 31 December 2015 (31 December 2014: €2.6 million). The total cost of the LSI shares in the reporting period amounted to €4.6 million.

Change in number of LSI shares allocated

	Balance at 31 December 2014	Additions/ (disposals) Tranche 2014	Additions/ (disposals) Tranche 2015	Fully settled cash options	Options forfeited	Balance at 31 December 2015
To other senior executives	47,821	(1,624)[1]	47,545[2]	0	0	93,742
Total	47,821	(1,624)	47,545	0	0	93,742

Notes:

(1) As the grant date for the 2014 tranche is in part not until financial years 2016 to 2019, the number indicated at the reporting date may change subsequently.

(2) As the grant date for the 2015 tranche is in part not until financial years 2016 to 2020, the number indicated at the reporting date may change subsequently.

39 Share-based payment (Continued)

Group Share Plan (GSP)

Employees of Deutsche Börse Group who are not members of the Executive Board or senior executives have the opportunity to subscribe for shares of Deutsche Börse AG at a discount of 30 or 40 per cent. to the issue price under the Group Share Plan (GSP). This discount is based on the employee's length of service. Under the 2015 GSP tranche, eligible employees were able to buy up to 100 shares of the company. The purchased shares must be held for at least two years.

In the reporting period, an expense totalling €1.8 million (2014: €1.6 million) was recognised in staff costs for the Group Share Plan.

40 Executive bodies

The members of the company's executive bodies are listed in the "Executive Board" and "Supervisory Board" chapters of this financial report.

41 Corporate governance

On 8 December 2015, the Executive and Supervisory Boards issued the latest version of the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, the German Stock Corporation Act) and made it permanently available to shareholders on the company's website (see also the corporate governance declaration in the combined management report).

42 Related party disclosures

Related parties as defined by IAS 24 are members of the executive bodies of Deutsche Börse AG as well as the companies classified as associates of Deutsche Börse AG, investors and investees, and companies that are controlled or significantly influenced by members of the executive bodies.

The remuneration of the individual members of the Executive and Supervisory Boards is presented in the "Remuneration report" in the combined management report.

Executive Board

In 2015, the fixed and variable remuneration of the members of the Executive Board, including non-cash benefits, amounted to a total of €15.3 million (2014: €13.7 million).

In 2015, expenses of €2.0 million were recognised in the consolidated income statement (2014: €5.1 million), due to the termination of an Executive Board employment. No further expenses were incurred during the 2015 financial year (2014: €0.6 million) in connection with the shortening of terms under the Stock Bonus Plan.

The actuarial present value of the pension obligations to Executive Board members was €17.5 million as at 31 December 2015 (2014: €25.4 million). Expenses of €1.7 million (2014: €1.3 million) were recognised as additions to pension provisions.

Former members of the Executive Board or their surviving dependants

The remuneration paid to former members of the Executive Board or their surviving dependants amounted to €2.3 million in 2015 (2014: €2.2 million). The actuarial present value of the pension obligations was €71.8 million as at 31 December 2015 (2014: €64.5 million).

Supervisory Board

The aggregate remuneration paid to members of the Supervisory Board in financial year 2015 was €2.0 million (2014: €2.3 million).

In financial year 2015, the employee representatives on Deutsche Börse AG's Supervisory Board received salaries (excluding Supervisory Board remuneration) amounting to €0.7 million (2014: €0.7 million). The

42 Related party disclosures (Continued)

total consists of the respective total gross amounts for those employee representatives who drew salaries from Deutsche Börse AG in the year under review.

Business relationships with related parties and key management personnel

Business relationships with related parties

The following table shows transactions entered into within the scope of business relationships with non-consolidated companies of Deutsche Börse AG during the 2015 financial year. All transactions were concluded at prevailing market terms.

Transactions with related entities(1)

	Amount of the transactions revenues		Amount of the transactions expenses		Outstanding balances receivables		Outstanding balances liabilities	
					31 December			
	2015	2014	2015	2014	2015	2014	2015	2014
				(€m)				
Associates	14.0	10.0	(9.5)	(9.2)	4.7	2.1	(0.6)	(1.5)
Joint Ventures	0.2	0	0	0	0	0	0	0
Other Shareholdings	0	0	(1.2)	0	0	0	(1.2)	0
Total sum of business transactions	14.2	10.0	(10.7)	(9.2)	4.7	2.1	(1.8)	(1.5)

Note:

(1) The table was adjusted by removing the selection criterion of outstanding balances being material. The previous year's figures were adjusted accordingly.

Monetary business relationships with key management personnel

Key management personnel are persons who directly or indirectly have authority and responsibility for planning, directing and controlling the activities of Deutsche Börse Group. The Group defines the members of the Executive Board and the Supervisory Board as key management personnel for the purposes of IAS 24.

On 30 July 2009, European Commodity Clearing Luxembourg S.à r.L., Luxembourg, (ECC Luxembourg)—a subsidiary of European Commodity Clearing AG and therefore a member of the EEX group—entered into a managing director agreement with ffp Conseils SARL, Metz, France, for an indefinite period. The subject of the agreement is to provide a natural person for the function of managing director in the management of ECC Luxembourg. In addition to this position as managing director of ECC Luxembourg, this person is also a member of the key management personnel at the parent company of ffp Conseils SARL, pmi Beratung GmbH. During the fourth quarter of 2015, the billing for the managing director's activities was transferred from ffp Conseils SARL to pmi Beratung GmbH. ECC Luxembourg paid approximately €60.0 thousand for these management services during the 2015 financial year.

Moreover, agreements for the provision of advisory services were entered into between Deutsche Börse AG and KM Networks GmbH, Hofheim, Germany, in financial year 2015. A supervisory board member of European Energy Exchange AG is at the same time a member of the key management personnel at the consultancy firm KM Networks. Payments of €7.0 thousand were made in connection with these advisory services in financial year 2015.

Moreover, a member of the Supervisory Board of STOXX Ltd., Zurich, Switzerland, also holds a key management position within law firm Lenz & Staehelin AG, Geneva, Switzerland. Deutsche Börse Group reported liabilities to this law firm of approximately €560.0 thousand in the 2015 financial year.

On the board of directors of EEX AG's subsidiary Powernext SA, Paris, France, representatives of Powernext SA's other shareholders hold key positions. These shareholder representatives also hold key positions in Powernext SA's shareholder companies, i.e. RTE—French Transmission System Operator,

42 Related party disclosures (Continued)

Paris, France (parent company of HGRT—Holding of European Transmission System Operators); and GRTgaz, Bois-Colombes, France (parent company of 3GRT, Tarascon, France). During the 2015 financial year, Powernext rendered development and maintenance services for customised software solutions in the area of market coupling and balancing, as well as in connection with an electronic trading platform for 3GRT. The company generated €578.0 thousand in revenue with these services during the 2015 financial year.

Furthermore, Powernext provides services to French power transmission system operator RTE, in the context of customised software development, with subsequent implementation, maintenance and other services. Revenue generated from these services totalled €393.0 thousand in 2015.

The board of directors and the executive board of LuxCSD S.A., an associate from Deutsche Börse Group's perspective, each comprise six members of management of fully consolidated subsidiaries who are maintaining a leading position within these subsidiaries, too. Since the date of deconsolidation of LuxCSD in 2015, there have been business transactions with Clearstream Banking S.A., Clearstream Services S.A., Clearstream International S.A. and Clearstream Banking AG. Within the scope of these transactions there have been liabilities in the amount of €337.0 thousand and receivables in the amount of €400.0 thousand.

Other business relationships with key management personnel

Selected executives of Deutsche Börse Group subsidiaries also hold a key management position within the Clearstream Pension Fund ASSEP. This defined benefit plan, established in favour of Luxembourg staff of Clearstream International S.A., Clearstream Banking S.A., as well as Clearstream Services S.A., is funded through cash payments to an "association d'épargne-pension" (ASSEP) under Luxembourg law.

Furthermore, an Executive Board member of Clearstream Banking AG concurrently holds an executive position within Deutsche Börse Commodities GmbH, an associate of Deutsche Börse Group. There is no monetary remuneration for this position on Deutsche Börse Commodities GmbH's board of directors.

43 Employees

Employees

	2015	2014
Average number of employees during the year	4,944	4,183
Employed at the reporting date	5,283	4,540
Employees (average annual FTEs)	4,643	3,911

Of the average number of employees during the year, 26 (2014: 23) were classified as Managing Directors (excluding Executive Board members), 370 (2014: 357) as senior executives and 4,548 (2014: 3,803) as employees.

There was an average of 4,643 full-time equivalent (FTE) employees during the year (2014: 3,911). Please refer also to the "Employees" section in the combined management report.

44 Events after the end of the reporting period

Potential merger with London Stock Exchange (LSE)

Further to recent speculation, the Management Board of Deutsche Börse and the Board of LSE (hereinafter also referred to as "the Boards") confirmed on 23 February 2016 that they are in detailed discussions about a potential merger of equals of the two businesses (potential merger).

The potential merger would be structured as an all-share merger of equals under a new holding company. Under the terms of the potential merger, Deutsche Börse shareholders would be entitled to receive one new share in exchange for each Deutsche Börse share and LSE shareholders would be entitled to receive 0.4421 new shares in exchange for each LSE share. Based on this exchange ratio, the parties anticipate that Deutsche Börse shareholders would hold 54.4 per cent., and LSE shareholders would hold 45.6 per cent. of

44 Events after the end of the reporting period (Continued)

the enlarged issued and to be issued share capital of the combined group. The combined group would have a unitary board composed of equal numbers of Deutsche Börse and LSE directors.

The Management Board of Deutsche Börse and the Board of LSE believe that the potential merger would represent a compelling opportunity for both companies to strengthen each other in an industry-defining combination, creating a leading European-based global markets infrastructure group. The combination of Deutsche Börse and LSE's complementary growth strategies, products, services and geographic footprint would be expected to deliver an enhanced ability to provide a full service offering to customers on a global basis. Deutsche Börse and LSE believe that the potential merger would offer the prospect of enhanced growth, significant customer benefits including cross-margining between listed and OTC derivatives clearing (subject to regulatory approvals), as well as substantial revenue and cost synergies and increased shareholder value. All key businesses of Deutsche Börse and LSE would continue to operate under their current brand names. The existing regulatory framework of all regulated entities within the combined group would remain unchanged, subject to customary and final regulatory approvals.

Discussions between the parties remain ongoing regarding the other terms and conditions of the potential merger.

The formal announcement of the potential merger remains conditional on, inter alia, agreement on the other terms and conditions of the potential merger, satisfactory completion of customary due diligence and final approval by the Boards of Deutsche Börse and LSE. The parties reserve the right to (a) waive these pre-conditions, (b) with the agreement of the other party, to vary the form of consideration and/or make an offer on higher or lower terms (including the exchange ratio), albeit no revision is currently expected, and/or (c) to adjust the terms to take account of any dividend announced, declared, made or paid by either party, save for ordinary course dividends (consistent with past practice in timing and amount) declared or paid prior to completion.

There can be no certainty that any transaction will occur. Any transaction would be subject to regulatory approval, Deutsche Börse shareholders' acceptance and LSE shareholder approval, as well as other customary conditions.

Under the UK City Code on Takeovers and Mergers (Code), the new holding company or Deutsche Börse are required, by no later than 5.00 p.m. on 22 March 2016 (if not extended with the consent of the UK Takeover Panel), to do one of the following: (i) announce a firm intention to make an offer for LSE in accordance with the Code; or (ii) announce that they do not intend to make an offer and that they will not make an offer for LSE for a period of six months.

On 26 February 2016, further to the announcement on 23 February 2016, LSE and Deutsche Börse set out below a summary of further key terms which the parties have agreed in relation to the potential merger of LSE and Deutsche Börse (potential merger) to form a combined group (Combined Group):

- Combined Group to be a UK plc domiciled in London
- LSE in London and Deutsche Börse in Frankfurt to become intermediate subsidiaries of the Combined Group
- Combined Group to have headquarters in London and Frankfurt
- Combined Group to seek a Premium Listing on the London Stock Exchange and Prime Standard listing on the Frankfurt Stock Exchange
- Balanced governance structure of the Combined Group board with equal representation from LSE and Deutsche Börse to include:
    - Donald Brydon as Chairman
    - Joachim Faber as Deputy Chairman and Senior Independent Director
    - Carsten Kengeter as CEO and executive director
    - David Warren as CFO and executive director

44 Events after the end of the reporting period (Continued)

- A joint committee (Referendum Committee) has been set up to advise on the implications of the vote by the United Kingdom electorate on the European Union membership of the United Kingdom.

Further key terms

The potential merger would be structured as an all-share merger of equals under a new UK holding company. LSE in London and Deutsche Börse in Frankfurt would become intermediate subsidiaries of the Combined Group. The existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals. The Combined Group would seek a premium listing on the London Stock Exchange and a prime standard listing on the Frankfurt Stock Exchange. It is envisaged that the Combined Group shares would be eligible for inclusion in the EURO STOXX®, DAX® and FTSE Russell index series.

The Combined Group would have headquarters in London and Frankfurt, with an efficient distribution of corporate functions in both locations. The Combined Group would have a unitary board with equal representation from LSE and Deutsche Börse and be constituted in accordance with the UK

Corporate Governance Code. At completion, Donald Brydon, Chairman of LSE, would become Chairman of the Combined Group while Joachim Faber, Chairman of Deutsche Börse, would become Deputy Chairman and Senior Independent Director of the Combined Group. Carsten Kengeter, CEO of Deutsche Börse, would assume the role of CEO and executive director of the Combined Group while David Warren, CFO of LSE, would become CFO and executive director of the Combined Group.

On completion of the transaction, Xavier Rolet will step down from his role as CEO of LSE. Donald Brydon, Chairman of LSE, said: "Xavier has been the architect of LSE's considerable value creation and has offered to retire in order to ensure the successful creation of the new group. The Board of LSE is indebted to Xavier for this action which is consistent with his focus on putting the interests of shareholders and clients first. It has accepted his offer. He has agreed to remain available to the new Board to assist in any way to ensure an effective transition. With open access enshrined in European Securities law, the Board considers that the value creating opportunities of the combination stand as a testament to his achievement at LSE."

Compelling strategic rationale

The Boards believe that the potential merger would represent a compelling opportunity for both companies to strengthen each other in an industry-defining combination, creating a leading European-based global markets infrastructure group. The combination of LSE and Deutsche Börse's complementary growth strategies, products, services and geographic footprint would be expected to deliver an enhanced ability to provide a full service offering to customers on a global basis.

The Boards also believe that the Combined Group would offer the potential for significant customer benefits. By connecting the London and Frankfurt cash exchanges, a liquidity bridge would be established, broadening customer access to more securities to the benefit of market participants in line with the evolving regulatory landscape. Furthermore, a portfolio margining service between listed and OTC derivatives markets would provide cost of capital savings and margin relief.

The Combined Group would be customer-centric and in an ideal position to help clients navigate the emerging regulatory landscape. The full service offering of the Combined Group would build on its deep liquid and transparent trading markets, leading clearing house solutions and risk and balance sheet management capabilities (including collateral management functionalities) as well as comprehensive regulatory reporting solutions. The Boards believe that the Combined Group would be able to achieve substantial cost synergies, principally from removing duplication of technology and operations across business lines, corporate services and support functions taking into account the respective strengths of both companies. The parties expect that the impact of synergy realisation would be distributed in a balanced manner across the two companies.

The Boards also believe there would be a significant opportunity for revenue synergies due to the ability of the Combined Group to offer both existing and new innovative products and services through an expanded

44 Events after the end of the reporting period (Continued)

global distribution network to existing and new customers across the buy and sell side. Further information regarding synergies will be set out in due course.

Referendum Committee

LSE and Deutsche Börse have initiated discussions about the potential merger with their primary regulators as well as with the governments of the United Kingdom, Germany, Italy and France. The parties are proceeding on the basis that existing regulatory and political structures remain in place. This transaction would be expected to fully optimise and benefit from the potential of the Capital Markets Union project. It is recognised that a decision by the United Kingdom electorate to leave the European Union (Leave Decision) would put that project at risk.

This globally competitive exchange group would provide the European Union's 23 million small and medium-size enterprises as well as its blue-chips much greater access to the lower-cost equity and debt finance they need to scale up, powering sustainable economic growth, investment and creating the high-quality jobs of tomorrow.

As the number of possible scenarios facing the Combined Group in the event of a Leave Decision is impossible to model today, the two Boards have created the Referendum Committee to consider and make non-binding recommendations to the Boards on the ramifications of such a decision. LSE and Deutsche Börse believe that the potential merger would be well positioned to serve global customers irrespective of the outcome of the vote by the United Kingdom electorate on the European Union membership of the United Kingdom (Referendum), although this might well affect the volume or nature of the business conducted in the different financial centres served by the Combined Group. Accordingly, the outcome of the Referendum would not be a condition of the potential merger.

Other terms and conditions of the potential merger

Discussions between the parties remain ongoing regarding the other terms and conditions of the potential merger. Further details on these terms and conditions would be provided in any announcement that may be made pursuant to Rule 2.7 of the Code and/or in any documents that are posted to LSE and Deutsche Börse shareholders in connection with the potential merger.

The formal announcement of the potential merger remains conditional on, inter alia, agreement on all terms and conditions of the potential merger, satisfactory completion of customary due diligence and final approval by the Boards. The parties reserve the right to a) waive any of these pre-conditions (in whole or in part), and/or b) with the agreement of the other party, to vary any of the terms, albeit no revision is currently expected.

The financial terms of the potential merger and the reservations to such terms as set out in the announcement on 23 February 2016 remain as set out in that announcement.

The description of the further key terms of the potential merger described in this announcement is a summary of such terms. Further detail on these summarised terms will be provided in any announcement that may be made pursuant to Rule 2.7 of the Code and/or in any documents that are posted to LSE and Deutsche Boerse shareholders in connection with the potential merger.

There can be no certainty that any transaction will occur. Any transaction would be subject to regulatory approvals, LSE shareholder approval and Deutsche Börse shareholders' acceptance, as well as other customary conditions.

In accordance with Rule 2.6(a) of the Code, Deutsche Börse is required, by no later than 5.00 p.m. on 22 March 2016, to do one of the following: (i) announce a firm intention to make an offer for LSE in accordance with Rule 2.7 of the Code; or (ii) announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

The shares mentioned above have not been and will not be registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or under the securities laws of any state or other jurisdiction of the United States.

44 Events after the end of the reporting period (Continued)

Accordingly, these shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the U.S. Securities Act or an exemption therefrom. There will be no public offer in the United States.

Sale of the interest in Infobolsa S.A.

Effective 25 February 2016, Deutsche Börse AG sold its interest in Infobolsa S.A. at a purchase price amounting to €8.2 million. Until that date, BME and Deutsche Börse had each held 50 per cent. of the interests in Infobolsa S.A. and its subsidiaries.

45 Date of approval for publication

Deutsche Börse AG's Executive Board approved the consolidated financial statements for submission to the Supervisory Board on 1 March 2016. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether it endorses them.

Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt / Main, 4 March 2016
Deutsche Börse AG

Auditor's report

We have audited the consolidated financial statements prepared by Deutsche Börse Aktiengesellschaft, Frankfurt / Main, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report for the financial year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code [HGB] are the responsibility of the company's executive board. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit. In addition, we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the executive board, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 4 March 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Braun
Wirtschaftsprüfer
(German Public Auditor)

Dielehner
Wirtschaftsprüfer
(German Public Auditor)

Deutsche Börse AG 2014

Final version (English), as at 16 March 2015

Consolidated income statement
for the period 1 January to 31 December 2014

	Note	2014	2013
		€m	€m
Sales revenue	4	2,347.8	2,160.3
Net interest income from banking business	4	32.8	35.9
Other operating income	4	23.1	20.6
Total revenue		**2,403.7**	**2,216.8**
Volume-related costs	4	(360.7)	(304.5)
Net revenue (total revenue less volume-related costs)		**2,043.0**	**1,912.3**
Staff costs	5	(472.4)	(476.0)
Depreciation, amortisation and impairment losses	11, 12	(124.8)	(118.8)
Other operating expenses	6	(517.6)	(588.0)
Operating costs		**(1,114.8)**	**(1,182.8)**
Result from equity investments	8	78.3	9.3
Earnings before interest and tax (EBIT)		**1,006.5**	**738.8**
Financial income	9	18.7	5.7
Financial expense	9	(61.8)	(76.4)
Earnings before tax (EBT)		**963.4**	**668.1**
Other tax		(1.4)	(1.1)
Income tax expense	10	(173.5)	(171.8)
Net profit for the period		**788.5**	**495.2**
thereof shareholders of parent company (net income)		762.3	478.4
thereof non-controlling interests		26.2	16.8
Earnings per share (basic) (€)	34	**4.14**	**2.60**
Earnings per share (diluted) (€)	34	**4.14**	**2.60**

Consolidated statement of comprehensive income
for the period 1 January to 31 December 2014

	Note	2014	2013
		€m	€m
Net profit for the year reported in consolidated income statement		**788.5**	**495.2**
Items that will not be reclassified to profit or loss			
Changes from defined benefit obligations		(66.4)	14.3
Deferred taxes	10, 20	17.6	(3.8)
		(48.8)	**10.5**
Items that may be reclassified subsequently to profit or loss			
Exchange rate differences(1)	20	127.5	(42.9)
Remeasurement of cash flow hedges		2.7	1.9
Remeasurement of other financial instruments		1.9	4.4
Deferred taxes	10, 20	(70.0)	20.2
		62.1	**(16.4)**
Other comprehensive income after tax		**13.3**	**(5.9)**
Total comprehensive income		**801.8**	**489.3**
thereof shareholders of parent company		775.9	472.4
thereof non-controlling interests		25.9	16.9

(1) Exchange rate differences include €0.5 million (2013: €(1,7) million) taken directly to accumulated profit as part of the "result from equity investments".

Consolidated balance sheet
as at 31 December 2014

	Note	31 Dec 2014 €m	31 Dec 2013 €m
Assets			
NON-CURRENT ASSETS			
Intangible assets	11		
Software		221.3	178.8
Goodwill		2,224.5	2,042.6
Payments on account and construction in progress		100.2	85.2
Other intangible assets		980.5	852.1
		3,526.5	**3,158.7**
Property, plant and equipment	12		
Fixtures and fittings		37.4	37.3
Computer hardware, operating and office equipment		62.3	69.9
Payments on account and construction in progress		1.2	0.1
		100.9	**107.3**
Financial assets	13		
Investments in associates and joint ventures		104.2	183.4
Other equity investments		166.8	23.9
Receivables and securities from banking business		1,305.0	1,178.3
Other financial instruments		25.8	25.6
Other loans(1)		0.4	0.4
		1,602.2	**1,411.6**
Financial instruments of the central counterparties	15	5,885.8	4,058.6
Other non-current assets		11.5	11.7
Deferred tax assets	10	140.3	49.0
Total non-current assets		**11,267.2**	**8,796.9**
CURRENT ASSETS			
Receivables and other current assets			
Financial instruments of the central counterparties	15	170,251.0	153,546.8
Receivables and securities from banking business	16	10,307.1	9,544.0
Trade receivables	17	342.9	218.8
Receivables from related parties		1.0	4.1
Income tax receivables(2)		75.0	40.4
Other current assets	18	554.3	273.7
Available-for-sale financial assets		0	35.6
		181,531.3	**163,663.4**
Restricted bank balances	19	22,283.5	16,221.7
Other cash and bank balances		826.1	627.9
Total current assets		**204,640.9**	**180,513.0**
Total assets		**215,908.1**	**189,309.9**

(1) Thereof €0.4 million (31 December 2013: €0.3 million) with related parties

(2) Thereof €6.8 million (31 December 2013: €8.8 million) with a remaining maturity of more than one year from corporation tax credits in accordance with section 37 (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act)

Consolidated balance sheet (Continued)
as at 31 December 2014

	Note	31 Dec 2014	31 Dec 2013
		€m	€m
Equity and liabilities			
EQUITY	20		
Subscribed capital		193.0	193.0
Share premium		1,249.0	1,249.0
Treasury shares		(443.0)	(446.6)
Revaluation surplus		(15.9)	29.4
Accumulated profit		2,446.6	2,011.8
Shareholders' equity		**3,429.7**	**3,036.6**
Non-controlling interests		322.4	231.4
Total equity		**3,752.1**	**3,268.0**
NON-CURRENT LIABILITIES			
Provisions for pensions and other employee benefits	22	145.6	80.2
Other non-current provisions	23, 24	110.5	113.2
Deferred tax liabilities	10	379.5	243.4
Interest-bearing liabilities	25	1,428.5	1,521.9
Financial instruments of the central counterparties	15	5,885.8	4,058.6
Other non-current liabilities		12.6	2.6
Total non-current liabilities		**7,962.5**	**6,019.9**
CURRENT LIABILITIES			
Tax provisions(1)	26	282.7	266.8
Other current provisions	23, 27	108.1	223.6
Financial instruments of the central counterparties	15	169,001.9	153,046.8
Liabilities from banking business(2)	28	11,487.1	9,725.3
Other bank loans and overdrafts		0.7	0.1
Trade payables		221.2	123.7
Liabilities to related parties		1.6	1.9
Cash deposits by market participants	29	22,282.4	16,221.7
Other current liabilities	30	807.8	412.1
Total current liabilities		**204,193.5**	**180,022.0**
Total liabilities		**212,156.0**	**186,041.9**
Total equity and liabilities		**215,908.1**	**189,309.9**

(1) Thereof income tax due: €233.1 million (2013: €216.4 million)

(2) Thereof no liabilities to related parties (31 December 2013: €0.1 million)

Consolidated cash flow statement

for the period 1 January to 31 December 2014

	Note	2014	2013
		€m	€m
Net profit for the year		788.5	495.2
Depreciation, amortisation and impairment losses	11, 12	124.8	118.8
(Decrease)/increase in non-current provisions		(4.3)	32.1
Deferred tax (income)/expense	10	(48.8)	2.1
Cash flows from derivatives		0	(16.5)
Other non-cash (income)/expense		(46.7)	13.7
Changes in working capital, net of non-cash items:		(131.1)	153.0
(Increase)/decrease in receivables and other assets		(63.0)	13.8
(Decrease)/increase in current liabilities		(76.9)	142.7
Increase/(decrease) in non-current liabilities		8.8	(3.5)
Net loss/(net gain) on disposal of non-current assets		2.4	(1.1)
Cash flows from operating activities excluding CCP positions		**684.8**	**797.3**
Changes in liabilities from CCP positions		275.6	24.8
Changes in receivables from CCP positions		(283.1)	(93.8)
Cash flows from operating activities	33	**677.3**	**728.3**
Payments to acquire intangible assets		(102.9)	(99.0)
Payments to acquire property, plant and equipment		(30.6)	(28.6)
Payments to acquire non-current financial instruments		(367.2)	(14.8)
Payments to acquire investments in associates and joint ventures		(13.6)	(35.1)
Payments to acquire subsidiaries, net of cash acquired		11.2	5.2
Proceeds from the disposal of shares in associates and joint ventures		3.6	0
Net decrease in current receivables and securities from banking business with an original term greater than three months		(68.1)	(692.2)
Proceeds from disposals of available-for-sale non-current financial instruments		317.2	35.3
Cash flows from investing activities	33	**(250.4)**	**(829.2)**
Purchase of treasury shares		0	(1.2)
Proceeds from sale of treasury shares		2.4	1.9
Payments to non-controlling interests		(16.6)	(8.3)
Repayment of long-term financing		0	(797.8)
Proceeds from long-term financing		0	594.5
Repayment of short-term financing		(1,205.0)	(1,180.0)
Proceeds from short-term financing		1,164.7	1,279.8
Dividends paid		(386.6)	(386.5)
Cash flows from financing activities	33	**(441.1)**	**(497.6)**
Net change in cash and cash equivalents		**(14.2)**	**(598.5)**
Net change in cash and cash equivalents (brought forward)		**(14.2)**	**(598.5)**
Effect of exchange rate differences		1.9	(1.7)
Cash and cash equivalents as at beginning of period		(56.2)	544.0
Cash and cash equivalents as at end of period	33	**(68.5)**	**(56.2)**
Additional information to payments reflected within cash flows from operating activities:			
Interest income and other similar income		17.7	5.6
Dividends received		24.9	12.9
Interest paid		(51.7)	(89.3)
Income tax paid		(237.0)	(93.3)

Consolidated statement of changes in equity

for the period 1 January to 31 December 2014

	Note	2014	2013	thereof included in total comprehensive income 2014	thereof included in total comprehensive income 2013
		€m	€m	€m	€m
Subscribed capital					
Balance as at 1 January		193.0	193.0		
Balance as at 31 December		**193.0**	**193.0**		
Share premium					
Balance as at 1 January		1,249.0	1,249.0		
Balance as at 31 December		**1,249.0**	**1,249.0**		
Treasury shares					
Balance as at 1 January		(446.6)	(448.6)		
Purchase of treasury shares		0	(1.2)		
Sales within the Group Share Plan		3.6	3.2		
Balance as at 31 December		**(443.0)**	**(446.6)**		
Revaluation surplus	20				
Balance as at 1 January		29.4	14.3		
Changes from defined benefit obligations	22	(66.1)	14.2	(66.1)	14.2
Remeasurement of other financial instruments		1.9	4.4	1.9	4.4
Remeasurement of cash flow hedges		2.7	1.9	2.7	1.9
Deferred taxes	10	16.2	(5.4)	16.2	(5.4)
Balance as at 31 December		**(15.9)**	**29.4**		
Accumulated profit	20				
Balance as at 1 January		2,011.8	1,938.9		
Dividends paid		(386.6)	(386.5)	0	0
Net income for the year	21	762.3	478.4	762.3	478.4
Exchange rate differences and other adjustments		127.7	(40.8)	127.5	(42.9)
Deferred taxes	10	(68.6)	21.8	(68.6)	21.8
Balance as at 31 December		**2,446.6**	**2,011.8**		
Shareholders' equity as at 31 December		**3,429.7**	**3,036.6**	**775.9**	**472.4**
Shareholders' equity (brought forward)		**3,429.7**	**3,036.6**	**775.9**	**472.4**
Non-controlling interests					
Balance as at 1 January		231.4	223.0		
Changes due to capital increases/(decreases)		64.8	(8.3)	0	0
Changes due to share in net income of subsidiaries for the period		26.2	16.8	26.2	16.8
Changes from defined benefit obligations	22	(0.3)	0.1	(0.3)	0.1
Exchange rate differences and other adjustments		0.3	(0.2)	0	0
Total non-controlling interests as at 31 December		**322.4**	**231.4**	**25.9**	**16.9**
Total equity as at 31 December		**3,752.1**	**3,268.0**	**801.8**	**489.3**

Notes to the consolidated financial statements

Basis of preparation

1. General principles

Company information

Deutsche Börse AG ("the company") is incorporated as a German public limited company ("Kapitalgesellschaft") and is domiciled in Germany. The company's registered office is in Frankfurt/Main. Deutsche Börse AG is the parent company of Deutsche Börse Group. Deutsche Börse AG and its subsidiaries operate cash and derivatives markets. Its business areas range from the admission of securities to listing, through trading, clearing and settlement, down to custody of securities. Furthermore, IT services are provided and market data distributed. For details regarding internal organisation and reporting see note 35.

Basis of reporting

The 2014 consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRIC), as adopted by the European Union in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards.

The mandatory effective date of IFRIC 21 for companies within the EU was changed to 17 June 2014. This represents a departure from the original version, which requires application for financial years beginning on or after 1 January 2014. As at 31 December 2014, there were no effective standards or interpretations not yet adopted by the European Union that could affect the consolidated financial statements.

The disclosures required in accordance with Handelsgesetzbuch (HGB, German Commercial Code) section 315a (1) have been presented in the notes to the consolidated financial statements and the remuneration report, which forms part of the combined management report. The consolidated financial statements are also based on the interpretations issued by the Rechnungslegungs Interpretations Committee (RIC, Accounting Interpretations Committee) of the Deutsches Rechnungslegungs Standards Committee e.V. (Accounting Standards Committee of Germany), to the extent that these do not contra-dict the standards and interpretations issued by the IFRIC or the IASB.

New accounting standards—implemented in the year under review

The following standards and interpretations issued by the IASB and adopted by the European Commission became effective for Deutsche Börse AG as at 1 January 2014 and were applied for the first time in the 2014 reporting period:

Amendments to IAS 32—"Offsetting of Financial Assets and Financial Liabilities" (December 2011)

The IASB has revised the guidance for offsetting financial assets and financial liabilities and published the results in the form of amendments to IAS 32 "Financial Instruments: Presentation".

The offsetting requirements laid down in IAS 32 have been retained in principle, and additional guidance has been provided for clarification. In this guidance, the IASB emphasises firstly that an unconditional, legally enforceable right of offsetting must exist, even if one of the parties involved is insolvent. Secondly, it lists illustrative criteria under which gross settlement of a financial asset and a financial liability nevertheless leads to offsetting. The additional guidance is effective retrospectively for financial years beginning on or after 1 January 2014. The amendments have been adopted by the EU on 13 December 2012.

The amendments to IAS 32 do not have any impact on Deutsche Börse AG's consolidated financial statements.

1. General principles (Continued)

New accounting standards—not yet implemented

The following standards and interpretations, which are relevant to Deutsche Börse Group and which Deutsche Börse Group did not adopt in 2014 prior to the effective date, have been published by the IASB prior to the publication of this corporate report and partially adopted by the European Commission.

IFRIC 21 "Levies" (May 2013)

IFRIC 21 addresses the accounting for outflows imposed on entities by governments, other than income taxes within the meaning of IAS 12 (income taxes or amounts collected on behalf of governments, in particular value added tax), and clarifies when obligations to pay these types of levies must be recognised as liabilities or provisions in the financial statements. Voluntary earlier application of the interpretation is permitted.

The Regulation adopting the Interpretation (EU endorsement) was published in the Official Journal of the EU on 14 June 2014. The mandatory effective date for companies within the EU was changed to 17 June 2014. This represents a departure from the original version, which requires application for financial years beginning on or after 1 January 2014.

Amendment to IAS 19 "Employee Benefits" (November 2013)

In future, there will be an option on how to account for contributions that employees are required to make to their defined benefit plans. The amendment permits employee contributions that are independent of the number of years of service to be attributed to the period in which the service is rendered. This results in a negative benefit being attributed to the corresponding period of service. Previously, employee contributions had been allocated to the defined benefit liability. The amendment must be applied for financial years beginning on or after 1 July 2014, and earlier application permitted. The amendment resulting from the "Annual Improvements Project 2012–2014" has not yet been adopted by the EU.

Amendments resulting from the "Annual Improvements Project 2010–2012" (December 2013)

Eight amendments affecting seven standards are planned. The amendments must be applied for financial years beginning on or after 1 July 2014. The amendments have been adopted by the EU on 17 December 2014.

Amendments resulting from the "Annual Improvements Project 2011–2013" (December 2013)

Four amendments affecting four standards are planned. The amendments must be applied for financial years beginning on or after 1 July 2014. The amendments have been adopted by the EU on 18 December 2014.

Amendment to IFRS 11 "Joint Arrangements—Acquisitions of Interests in Joint Operations" (May 2014)

The amendment clarifies that acquisitions of interests or additional interests in a joint operation that constitutes a business within the meaning of IFRS 3 must be accounted for in accordance with the principles of business combinations accounting in IFRS 3 and other applicable IFRSs, with the exception of those principles that conflict with the guidance in IFRS 11. The amendment must be applied for financial years beginning on or after 1 January 2016; earlier application is permitted. The amendments have not yet been adopted by the EU.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets—Clarification of Acceptable Methods of Depreciation and Amortisation" (May 2014)

The amendments clarify which methods are appropriate for depreciating property, plant and equipment and for amortising intangible assets. In particular, they clarify that revenue-based depreciation of property, plant and equipment is not appropriate at all, and that revenue-based amortisation of intangible assets is only permitted in defined exceptional circumstances. The amendment must be applied for financial years

1. General principles (Continued)

beginning on or after 1 January 2016; earlier application is permitted. The amendments have not yet been adopted by the EU.

IFRS 15 "Revenue from Contracts with Customers" (May 2014)

IFRS 15 contains guidance for recognising revenue from contracts with customers. According to these requirements, revenue must be recognised when the customer obtains control over the agreed goods and services and is able to derive benefits from them. The revenue should be recognised in an amount that reflects the consideration which the company expects to receive. The new guidance contained in IFRS 15 will replace the previous requirements of IAS 11 and IAS 18 in the future. The standard must be applied for financial years beginning on or after 1 January 2017; earlier application is permitted. The amendments have not yet been adopted by the EU.

IFRS 9 "Financial Instruments" (July 2014)

IFRS 9 introduces new requirements for the accounting and measurement of financial instruments. Following the issue of the final version of the standard by the IASB in July 2014, the new requirements will replace all previous requirements of IAS 39 in the future. The standard contains major new guidance relating to the classification and measurement of financial instruments, accounting for impairments of financial assets and hedge accounting. The standard is effective for financial years beginning on or after 1 January 2018. The amendments have not yet been adopted by the EU.

Amendments resulting from the "Annual Improvements Project 2012–2014" (September 2014)

Four amendments affecting four standards are planned. The amendments must be applied for financial years beginning on or after 1 January 2016. The amendments have not yet been adopted by the EU.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (September 2014)

The amendments to the two standards are based on the existing requirements relating to transactions with an associate or joint venture. In line with these, gains or losses on transactions relate exclusively to assets that do not constitute a business, i.e. the extent to which any gain or loss is recognised depends on whether the assets transferred constitute a business (amendments to IAS 28). At the same time, the requirements relating to gain or loss recognition in accordance with IFRS 10 were also amended. According to this amendment, the gain or loss is recognised in the parent's profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The amendment must be applied for financial years beginning on or after 1 January 2016; earlier application is permitted. The amendments to the standards have not yet been adopted by the EU.

Amendments to IAS 1 "Presentation of Financial Statements—Disclosure Initiative" (December 2014)

The amendments to IAS 1 are aimed at improving financial reporting disclosures in the notes. Among other things, they emphasise more clearly the concept of materiality, define new requirements for the calculation of subtotals, allow for greater flexibility in the order in which disclosures in the notes are presented, introduce clearer presentation guidance for accounting policies and add requirements for presenting an entity's share of other comprehensive income of associates and joint ventures in the statement of comprehensive income. The amendments must be applied for financial years beginning on or after 1 January 2016. The amendments have not yet been adopted by the EU.

Deutsche Börse Group cannot assess conclusively what the impact of the application of the new and amended standards will be at this stage. In addition to extended disclosure requirements, the initial application of IFRS 9, IFRS 15 and IAS 1 is expected to have an impact on the consolidated financial statements.

2. Basis of consolidation

Deutsche Börse AG's equity interests in subsidiaries, associates and joint ventures as at 31 December 2014 included in the consolidated financial statements are presented in the following tables. Unless otherwise stated, the financial information in these tables is presented in accordance with the generally accepted accounting principles in the companies' countries of domicile.

Fully consolidated subsidiaries (part 1)

Company	Domicile	Equity interest as at 31 Dec 2014 direct/(indirect)	Currency	Ordinary share capital	Equity[1]	Total assets	Sales revenue 2014	Net profit/loss 2014	Initially consolidated
		%		thousands	thousands	thousands	thousands	thousands	
Börse Frankfurt Zertifikate Holding S.A. in liquidation	Luxembourg	100.00	€	50	11	0	0	4,796	1 July 2013
Börse Frankfurt Zertifikate AG	Germany	100.00	€	140	6,794	11,274	20,349	2,572	1 July 2013
Clearstream Holding AG	Germany	100.00	€	101,000	2,209,971	2,284,180	0	72,899[2]	2007
Clearstream International S.A.	Luxembourg	(100.00)	€	25,000	1,048,723	1,093,154	63,923	134,155	2002
Clearstream Banking S.A.	Luxembourg	(100.00)	€	92,000	1,017,349	12,806,563	409,349[3]	151,423	2002
Clearstream Banking Japan, Ltd.	Japan	(100.00)	JPY	6,500	42,419	70,139	99,192	9,352	2009
REGIS-TR S.A.	Luxembourg	(50.00)	€	3,600	1,177	7,085	7,868	2,871	2010
Clearstream Banking AG	Germany	(100.00)	€	25,000	331,984	1,818,014	278,632[3]	82,780	2002
Clearstream Fund Services Ireland Ltd.	Ireland	(100.00)	€	4,000	4,194	9,893	0	6	2012
Clearstream Global Securities Services Limited	Ireland	(100.00)	€	5,000[4]	5,116[4]	9,747[4]	17,701[4]	1,078[4]	3 Oct 2014
Clearstream Operations Prague s.r.o	Czech Republic	(100.00)	CZK	160,200	228,694[4]	287,572[4]	302,272[4]	(9,761)[4]	2008
Clearstream Services S.A.	Luxembourg	(100.00)	€	30,000	93,615[4]	142,301[4]	216,687[4]	6,404[4]	2002
LuxCSD S.A.	Luxembourg	(50.00)	€	6,000	5,078	5,676	761	68	2010
Deutsche Boerse Asia Holding Pte. Ltd.	Singapore	100.00	€	0	13,901	14,725	353	99	14 Nov 2013
Eurex Clearing Asia Pte. Ltd.	Singapore	(100.00)	€	0	10,046	10,599	678	46	14 Nov 2013
Deutsche Börse Services s.r.o	Czech Republic	100.00	CZK	200	153,088	257,455	666,439	36,325	2006
Deutsche Boerse Systems, Inc.	USA	100.00	US$	400	3,029	3,700	8,544	89	2000
Eurex Frankfurt AG	Germany	100.00	€	6,000	1,116,554	1,281,595	0	66,163[5]	1998
Eurex Clearing AG	Germany	(100.00)	€	25,000	289,813	22,470,559	0[3]	1,454[2]	1998
Eurex Clearing Security Trustee GmbH	Germany	(100.00)	€	25	77	87	0	1	15 Oct 2013
Eurex Bonds GmbH	Germany	(79.44)	€	3,600	9,536	11,622	3,815	1,289	2001
Eurex Repo GmbH	Germany	(100.00)	€	100	2,550	20,174	19,062	14,957[2]	2001
U.S. Exchange Holdings, Inc.	USA	(100.00)[6]	US$	1,000	2,817,008	2,916,761	0	126,622	2003
Eurex Services GmbH	Germany	(100.00)	€	25[7]	100[7]	100[7]	0[7]	900[7]	2007
International Securities Exchange Holdings, Inc.	USA	(100.00)	US$	0	1,654,653	2,050,360	0	94,485	2007
ETC Acquisition Corp.	USA	(100.00)	US$	0	3,935	3,939	150	150	2007
International Securities Exchange, LLC	USA	(100.00)	US$	0	128,079	234,866	253,680	44,973	2007
ISE Gemini, LLC	USA	(100.00)	US$	3,000	5,528	14,127	79,361	6,547	5 Aug 2013
Longitude LLC	USA	(100.00)	US$	0	2,200	2,588	3,935	298	2007
Longitude S.A.	Luxembourg	(100.00)	€	1,500	1,175	2,549	1,384	(671)	2012
Eurex Global Derivatives AG	Switzerland	100.00	CHF	100	448,839	463,713	129,943	97,092	2012
Eurex Zürich AG	Switzerland	(100.00)[8]	CHF	10,000	351,412	389,923	47,590	(25)	1998
European Energy Exchange AG	Germany	(62.82)	€	40,050[4]	57,266[4]	71,244[4]	7,129[4]	7,214[4]	1 Jan 2014
Cleartrade Exchange Pte. Limited	Singapore	(32.48)	US$	16,500[4]	5,655[4]	6,092[4]	2,399[4]	(2,895)[4]	1 Jan 2014
Cleartrade Exchange (UK) Limited	United Kingdom	(32.48)	GBP	0[4]	57[4]	115[4]	386[4]	28[4]	1 Jan 2014
EGEX European Gas Exchange GmbH	Germany	(62.82)	€	100	2,046	2,636	4,161	0	1 Jan 2014
European Commodity Clearing AG	Germany	(61.88)	€	1,015	53,036	759,751	37,137	13,178	1 Jan 2014
European Commodity Clearing Luxembourg S.à r.l.	Luxembourg	(61.88)	€	13[4]	47[4]	67,643[4]	19,346[4]	33[4]	1 Jan 2014
EEX Power Derivatives GmbH	Germany	(50.26)	€	125	6,018	14,776	23,395	0	1 Jan 2014
Global Environmental Exchange GmbH	Germany	(62.82)	€	50	48	2,668	1,491	0	1 Jan 2014

(1) Includes capital reserves and retained earnings, accumulated gains or losses and net profit or loss for the year and, if necessary, further components according to the respective local GAAP

(2) Before profit transfer or loss absorption

(3) Consists of interest and commission results due to the business operations

(4) Preliminary figures

(5) Thereof income from profit pooling agreements with their subsidiaries amounting to €31,459 thousand is included.

(6) Thereof 15 per cent directly and 85 per cent indirectly held via Eurex Frankfurt AG

(7) Shortened financial year from 16 December to 31 December 2014

(8) Thereof 50 per cent directly and 50 per cent indirectly held via Eurex Global Derivatives AG

2. Basis of consolidation (Continued)

Fully consolidated subsidiaries (part 2)

Company	Domicile	Equity interest as at 31 Dec 2014 direct/(indirect)	Currency	Ordinary share capital	Equity[(1)]	Total assets	Sales revenue 2014	Net profit/loss 2014	Initially consolidated
		%		thousands	thousands	thousands	thousands	thousands	
Finnovation S.A.	Luxembourg	100.00	€	156,400	141,909	175,140	48,692	10,458	2008
Impendium Systems Ltd	United Kingdom	100.00	GBP	6,802	3,794	4,706	2,343	(3,405)	10 Jan 2014
Infobolsa S.A.	Spain	50.00	€	331	11,560	13,087	8,568	275	2002
Difubolsa, Serviços de Difusão e Informação de Bolsa, S.A.	Portugal	(50.00)	€	50	170	204	135	6	2002
Infobolsa Deutschland GmbH	Germany	(50.00)	€	100	1,502	1,516	154	105	2003
Open Finance, S.L.	Spain	(40.50)	€	4	970	1,944	2,723	218	2011
Market News International Inc.	USA	100.00	US$	27	27,200	22,501	19,669	127	2009
MNI Financial and Economic Information (Beijing) Co. Ltd.	China	(100.00)	US$	0	270	287	650	12	2011
Need to Know News, LLC	USA	(100.00)	US$	4,193	0	1,322	4,995	313	2009
Risk Transfer Re S.A.	Luxembourg	100.00	€	1,225	1,225	11,576	1,581	0	2004
STOXX Ltd.	Switzerland	50.10	CHF	1,000	102,247	120,311	108,246	34,391	2009
Tradegate Exchange GmbH	Germany	78.72[(2)]	€	500	1,137	1,567	2,015	826	2010

(1) Includes capital reserves and retained earnings, accumulated gains or losses and net profit or loss for the year and, if necessary, further components according to the respective local GAAP

(2) Thereof 3.72 per cent indirectly held via Tradegate AG Wertpapierhandelsbank

As at 31 December 2014, Deutsche Börse AG held 50 per cent of the voting rights of Infobolsa S.A., Madrid, Spain. The key decision-making body of Infobolsa S.A. is the Board of Directors, where the chairman's casting vote gives Deutsche Börse AG the majority of the votes.

Deutsche Börse AG indirectly holds 50 per cent of the voting rights in LuxCSD S.A., Luxembourg. Since Deutsche Börse's subsidiary Clearstream International S.A., Luxembourg, which holds 50 per cent of the voting rights, has the right to appoint the chairman of the supervisory board, who also has a casting vote, there is a presumption of control.

Moreover, Deutsche Börse AG indirectly holds 50 per cent of the voting rights in REGIS-TR S.A., Luxembourg. Since Deutsche Börse's subsidiary Clearstream Banking S.A., which holds 50 per cent of the voting rights, has the right to appoint the chairman of the supervisory board, who in turn has a casting vote, there is a presumption of control.

Changes to consolidated subsidiaries

	Germany	Foreign	Total
As at 1 January 2014	11	31	42
Additions	5	5	10
As at 31 December 2014	**16**	**36**	**52**

Effective 10 January 2014, Deutsche Börse AG acquired a 100 per cent interest in Impendium Systems Ltd, domiciled in London, United Kingdom, for a purchase price of £3.2 million plus an earn-out component of a fair value amounting to £5.2 million. Goodwill of £7.9 million resulted from this transaction. As Deutsche Börse AG is the only shareholder, there is a presumption of control in accordance with IFRS 10. The subsidiary has been included in full in the consolidated financial statements since the first quarter of 2014.

On 16 April 2014, Clearstream International S.A., Luxembourg, signed an agreement to acquire all of the shares of Clearstream Global Securities Services Limited, Cork, Ireland, (CGSS, formerly Citco Global Securities Services Ltd., until 3 October 2014) as well as further intangible assets in order to expand its hedge fund services for financial institutions. The total purchase price for the assets acquired, including the interest in CGSS, amounted to €47.2 million. Effective 3 October 2014, Clearstream International S.A. acquired control over the wholly owned subsidiary in accordance with IFRS 10. It has been included in full in the consolidated financial statements since that date. Goodwill resulting from this acquisition reflects mainly the expected revenue-related synergies with existing and potential customers in the custody business as well as expected synergies in the form of uniform IT systems.

2. Basis of consolidation (Continued)

The preliminary allocation of the purchase price to the acquired assets and liabilities is shown in the following table:

Goodwill resulting from the business combination with Clearstream Global Securities Services Limited

	Preliminary goodwill calculation 3 Oct 2014 €m
Consideration transferred	**47.2**
Acquired assets and liabilities	
Customer relationships	16.0
Software	10.0
Database	6.0
Other assets and liabilities	0.1
Total assets and liabilities acquired	**32.1**
Goodwill (partly tax-deductible)	**15.1**

By fully including CGSS in the consolidated financial statements, sales revenue increased by €5.9 million and earnings before tax (EBT) increased by €0.5 million. A presentation of effects on the reporting period that may result, if the acquisition had taken place on 1 January 2014, has been omitted for reasons of practicability.

On 1 July 2014, Infobolsa S.A., Madrid, Spain, acquired an additional 19 per cent interest in Open Finance, S.L., Madrid, Spain, for a purchase price of €0.5 million, increasing its interest to a total of 81 per cent. Open Finance, S.L. continues to be included in full in the consolidated financial statements as Infobolsa S.A. meets all of the requirements in IFRS 10.7.

Since the charmain of the supervisory board of European Energy Exchange AG, Leipzig, Germany, (EEX), provided by Eurex Zürich AG, has a casting vote on the EEX supervisory board as from 1 January 2014, Eurex Zürich AG has exercised control over EEX since that date. Consequently, EEX has been fully consolidated in Deutsche Börse AG's consolidated financial statements since that date. By gaining control over EEX, cooperation with Deutsche Börse Group shall be intensified and the presence of Deutsche Börse Group on commodity markets shall be strengthened. The purchase price allocation for EEX was adjusted as at 30 September 2014 during the measurement period. In the third quarter 2014, the fair value of the financial assets was adjusted (see note 3) and the assessment of the fair value of the shares of EEX that had been held by Eurex Zürich AG before control was obtained was revised. The previously assumed fair value of €139.4 million as at the date of acquisition increased to €150.0 million. The resulting gain of €10.6 million is reported under the result from equity investments (see note 8). The goodwill resulting from the acquisition reflects expected synergies in the form of uniform IT systems, product development and general administration as well as an improved market efficiency.

2. Basis of consolidation (Continued)

The adjusted purchase price allocation is presented in the following table:

Goodwill resulting from the business combination with European Energy Exchange AG

	Corrected goodwill calculation
	1 Jan 2014
	€m
Consideration transferred	
Fair value of equity interest held before taking control over European Energy Exchange AG	150.0
Acquired bank balances	(61.5)
Total consideration	**88.5**
Acquired assets and liabilities	
Customer relationships	69.8
Other intangible assets	12.9
Financial assets	69.0
Other non-current assets	1.4
Deferred tax assets	4.8
Other current assets	83.9
Deferred tax liabilities on temporary differences	(23.8)
Other non-current liabilities	(1.1)
Other current liabilities	(80.6)
Remeasurement of non-controlling interests	(81.1)
Total assets and liabilities acquired	**55.2**
Goodwill (not tax-deductible)	**33.3**

The following table summarises the main financial information of associates and joint ventures; the data comprise the totals of each company according to the respective local GAAP and not proportional values from the view of Deutsche Börse Group.

Associates and joint ventures

Company	Domicile	Segment	Equity interest as at 31 Dec 2014 direct/ (indirect)	Currency	Ordinary share capital	Assets	Liabilities	Sales revenue 2014	Net profit/loss 2014	Associate since
			%		thousands	thousands	thousands	thousands	thousands	
Joint ventures										
Bondcube Limited	United Kingdom	Xetra	30.00	GBP	2(1)	235(1)	332(1)	0(1)	(2,200)(1)	10 Feb 2014
Associates										
BrainTrade Gesellschaft für Börsensysteme mbH	Germany	Xetra	(28.58)(2)	€	1,400	4,391	2,749	7,668	162	1 July 2013
Deutsche Börse Cloud Exchange AG(3)(4)	Germany	Eurex	(64.68)(5)	€	50	6,458	189	1	(2,745)	17 May 2013
Deutsche Börse Commodities GmbH	Germany	Xetra	16.20	€	1,000	1,563,375	1,560,183	3,630	726	2007
Digital Vega FX Ltd	United Kingdom	Eurex	11.53	GBP	72(6)(8)	879(6)	807(6)	314(6)	(425)(6)	2011
EPEX Spot SE	France	Eurex	(31.41)	€	4,973(1)	34,084(1)	8,407(1)	50,730(1)	16,691(1)	1 Jan 2014
European Market Coupling Company GmbH i.L.	Germany	Eurex	(12.56)	€	100(7)	2,084(7)	260(7)	0(7)	(116)(7)	1 Jan 2014
Global Markets Exchange Group International LLP	United Kingdom	Eurex	28.57	GBP	4,026	74,266(1)	173(1)	3,659(1)	1,344(1)	24 Oct 2013
Hanweck Associates, LLC	USA	Eurex	(26.44)	US$	(901)(8)	1,502	2,403	4,516	(168)	2010
Indexium AG	Switzerland	Market Data + Services	49.90	CHF	100	23,441	27,217	8,139	838	2009
Index Marketing Solutions Limited	United Kingdom	Eurex	(16.24)	GBP	0(9)	60(9)	61(9)	0(9)	(1)(9)	1 Jan 2014
Phineo gAG	Germany	Xetra	12.00(10)	€	50	2,058(1)	99(1)	506(1)	226(1)	2010
R5FX Ltd	United Kingdom	Eurex	30.00	GBP	1	1,962	40	0	(226)	1 Oct 2014
The Options Clearing Corporation	USA	Eurex	(20.00)	US$	600(11)	4,334,162(11)	4,308,721(11)	169,142(11)	1,571(11)	2007
Tradegate AG Wertpapierhandelsbank(12)	Germany	Xetra	14.86	€	24,403	56,542	31,319	35,724	5,511	2010
Zimory GmbH	Germany	Eurex	30.03(13)	€	263	7,535	110	1,692	(3,619)	17 May 2013

(1) Preliminary figures

2. Basis of consolidation (Continued)

(2) Thereof 14.29 per cent held directly and 14.29 per cent indirectly via Börse Frankfurt Zertifikate AG

(3) There was no control in financial year 2014.

(4) Deutsche Börse Cloud Exchange AG is part of the Zimory GmbH subgroup.

(5) Thereof 49.9 per cent held directly and 14.78 per cent indirectly via Zimory GmbH

(6) Shortened financial year; period ended 30 November 2014

(7) The financials refer to the shortened financial year from 13 June 2014 to 31 December 2014.

(8) Value of equity

(9) The financials refer to the shortened financial year from 1 September 2012 to 31 August 2013.

(10) In addition, Deutsche Börse AG holds an interest in Phineo Pool GbR, Berlin, Germany, which holds a 48 per cent stake in Phineo gAG.

(11) Figures as at 31 December 2013

(12) As at the balance sheet date, the fair value of the stake in the listed company amounted to €21.1 million.

(13) Voting rights

Furthermore, interests in EPEX Spot SE, Paris, France, and in European Market Coupling Com-pany GmbH i.L., Hamburg, Germany, have been purchased in the framework of gaining control over EEX, effective 1 January 2014. EPEX Spot SE is the exchange for the power spot markets covering Germany, France, Austria and Switzerland; within EPEX Spot SE the strategic initiatives of EEX and Powernext SA have been integrated.

Following completion of the business combination agreement between Direct Edge Holdings, LLC, Jersey City, New Jersey, USA, and BATS Global Markets, Inc., Lenexa, Kansas, USA, on 31 January 2014, former Direct Edge Holdings, LLC has no longer been accounted as an assocciate. There is no significant influence on its legal successor BATS Global Markets, Inc. in which International Securities Exchange Holdings, Inc., New York, USA, holds a 9.5 per cent interest.

On 10 February 2014, Deutsche Börse AG acquired a 15 per cent interest in Bondcube Limited, registered in England and Wales, United Kingdom. A further 15 per cent of the shares of Bondcube Limited were acquired on 31 July 2014. The exercise price for each tranche was £1.0 million. Total goodwill of £1.6 million resulted from these two transactions. Deutsche Börse AG is currently only able to exercise control over Bondcube Limited jointly with the company's founders, so the company has been classified as a joint venture and is accounted for using the equity method in accordance with IFRS 11.

Deutsche Börse AG sold its 25.01 per cent interest in ID's SAS, Paris, France, effective 30 July 2014.

On 28 October 2014, Deutsche Börse AG acquired a 30 per cent voting interest in R5FX Ltd, London, United Kingdom, for a price of £2.0 million. As Deutsche Börse AG exercises significant influence within the meaning of IAS 28.6 (a) by virtue of its membership of the Board of Directors, R5FX Ltd has been classified as an associate and is accounted for using the equity method.

Effective 15 December 2014, Deutsche Börse AG exercised its purchase options under the share purchase and acquisition agreement with Berliner Effektengesellschaft AG, Berlin, Germany. Through this transaction, it acquired a total of 2,418,096 shares in Tradegate AG Wertpapierhandelsbank, Berlin, Germany, (Tradegate AG), at a total price of €8.5 million; Tradegate AG holds 25 per cent of the consolidated company Tradegate Exchange GmbH, Berlin, Germany. As a result, Deutsche Börse AG increased its interest to a total of 14.86 per cent. Since Deutsche Börse AG exercises significant influence within the meaning of IAS 28, Tradegate AG continues to be classified as an associate and is accounted for using the equity method.

Effective 1 January 2015, European Energy Exchange AG, Leipzig, Germany, (EEX) acquired an interest of 53.34 per cent in Powernext SA, Paris, France, in exchange for 36.75 per cent of the shares of EPEX Spot SE, Paris, France. Since then, all natural gas activities of EEX group have been bundled within Powernext SA; EEX increased its interest in Powernext SA to 55.8 per cent as a result of this transaction. As at the reporting date the preliminary purchase price allocation resulted in total goodwill of €14.3 million, which mainly reflects synergies resulting from transfer of fully owned gas exchange business to Powernext SA. As Powernext SA in turn holds 50 per cent of EPEX Spot SE, EEX at the same time obtained a controlling interest in EPEX Spot SE. Both subsidiaries have been included in full in the consolidated financial statements since 1 January 2015. If both companies had already been consolidated

2. Basis of consolidation (Continued)

as at 1 January 2014, sales revenue would have increased by €56.0 million and earnings before tax (EBT) would have increased by €14.4 million.

The following assets and liabilities were identified during purchase price allocation, which had not been completed at the time these consolidated financial statements were prepared:

Goodwill resulting from the business combination with Powernext SA and EPEX Spot SE

	Preliminary goodwill calculation
	1 Jan 2015
	€m
Consideration transferred	
Fair value of transferred equity interest in EPEX Spot SE	45.3
Acquired bank balances	(40.1)
Total consideration	**5.2**
Acquired assets and liabilities	
Customer relationships	98.9
Trade names	6.2
Other intangible assets	2.6
Financial assets	0.4
Other non-current assets	0.9
Deferred tax assets	1.2
Other current assets	14.2
Liabilities	(13.7)
Deferred tax liabilities on temporary differences	(35.2)
Remeasurement of non-controlling interests	(84.6)
Total assets and liabilities acquired	**(9.1)**
Goodwill (not tax-deductible)	**14.3**

Moreover, on 1 January 2015, European Energy Exchange AG, Leipzig, Germany, acquired 50 per cent of the shares of Gaspoint Nordic A/S, Brøndby, Denmark, for a price of €600 thousand. The purchase price includes goodwill amounting to €280 thousand. As EEX exercises significant influence within the meaning of IAS 28, Gaspoint Nordic A/S has been classified as an associate and accounted for using the equity method since 1 January 2015.

Where Deutsche Börse Group's share of the voting rights in a company amounts to less than 20 per cent, Deutsche Börse Group's significant influence is exercised in accordance with IAS 28.6 (a) through the Group's representation on the supervisory board or the board of directors of the following companies as well as through corresponding monitoring systems:

- Deutsche Börse Commodities GmbH, Frankfurt/Main, Germany
- Digital Vega FX Ltd, London, United Kingdom
- EPEX Spot SE, Paris, France
- European Market Coupling Company GmbH i.L., Hamburg, Germany
- Index Marketing Solutions Ltd, London, United Kingdom
- Phineo gAG, Berlin, Germany

3. Summary of key accounting policies

Deutsche Börse AG's consolidated financial statements have been prepared in euros, the functional currency of Deutsche Börse AG. Unless stated otherwise, all amounts are shown in millions of euros (€m). Due to rounding, the amounts may differ from unrounded figures.

The annual financial statements of subsidiaries included in the consolidated financial statements have been prepared on the basis of the Group-wide accounting principles based on IFRSs that are described in the following. They were applied consistently to the periods shown.

Correction according to IAS 8

On page 209 of the 2013 corporate report, it was reported that financial assets of €44.8 million were identified during the purchase price allocation of European Energy Exchange AG (EEX) and its subsidiaries as at 1 January 2014. The fair value of these financial investements was €69.0 million at the acquisition date. In relation to the 2013 corporate report, the changes only affect the presentation of the purchase price allocation (for information on the changed presentation see note 2).

Recognition of revenue and expenses

Trading, clearing and settlement fees are recognised on the trade day and billed on a monthly basis. Custody revenue and revenue for systems development and systems operation are generally recognised ratably and billed on a monthly basis. Sales of price information are billed on a monthly basis. Fees charged to trading participants in connection with International Securities Exchange, LLC's and ISE Gemini LLC's expenses for supervision by the U.S. Securities and Exchange Commission (SEC) are recognised at the settlement date.

International Securities Exchange, LLC and ISE Gemini, LLC earn market data revenue from the sale of trade and quote information on options through the Options Price Reporting Authority, LLC (OPRA, the regulatory authority responsible for distributing market data revenues among the US options exchanges). Pursuant to SEC regulations, US exchanges are required to report trade and quote information to OPRA. International Securities Exchange, LLC and ISE Gemini, LLC earn a portion of the income of the US option exchange association based on its share of eligible trades for option securities. Revenue is recorded as transactions occur on a trade date basis and is collected quarterly.

As a rule, rebates are deducted from sales revenue.

The item "volume-related costs" comprises expenses that depend on the number of certain trade or settlement transactions, or on the custody volume, the Global Securities Financing volume, or the volume of market data acquired, or that result from revenue sharing agreements or maker-taker pricing models. Volume-related costs no longer occur if the corresponding revenue is no longer generated.

Interest income and expenses are recognised using the effective interest method over the respective financial instrument's term to maturity. Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the income can be measured reliably. Interest expenses are recognised as an expense in the period in which they are incurred. Interest income and expenses from banking business are netted in the consolidated income statement and disclosed separately in note 4.

Dividends are recognised in the result from equity investments if the right to receive payment is based on legally assertable claims.

The consolidated income statement is structured using the nature-of-expense method.

Research and development costs

Research costs are expensed in the period in which they are incurred. The development costs of an asset are only capitalised if they can be reliably estimated, if all definition criteria of an asset are met and if the future economic benefits resulting from capitalising the development costs can be demonstrated. These development costs include direct labour costs, costs of purchased services and workplace costs, including proportionate overheads that can be directly attributed to the preparation of the respective asset for use,

3. Summary of key accounting policies (Continued)

such as costs for the software development environment. Development costs that do not meet the requirements for capitalisation are recognised in the consolidated income statement. Interest expense that cannot be allocated directly to one of the developments is recognised in profit or loss in the year under review and not included in capitalised development cost. If research and development costs cannot be separated, the expenditures are recognised as expenses in the period in which they are incurred.

All development costs (both primary costs and costs incurred subsequently) are allocated to projects. The projects are broken down into the following phases in order to decide which cost components need capitalising and which do not:

Phases not eligible for capitalisation

1. Design
   - Definition of product design
   - Specification of the expected economic benefit
   - Initial cost and revenue forecast

Phases eligible for capitalisation

2. Detailed specifications
   - Compilation and review of precise specifications
   - Troubleshooting process
3. Building and testing
   - Software programming
   - Product testing

Phases not eligible for capitalisation

4. Acceptance
   - Planning and implementation of acceptance tests
5. Simulation
   - Preparation and implementation of simulation
   - Compilation and testing of simulation software packages
   - Compilation and review of documents
6. Roll-out
   - Planning of product launch
   - Compilation and dispatch of production systems
   - Compilation and review of documents

In accordance with IAS 38, only expenses belonging to the "detailed specifications" and "building and testing" phases are capitalised. All other phases of software development projects are expensed.

Intangible assets

Capitalised development costs are amortised from the date of first use of a software using the straight-line method over its expected useful life. The useful life of internally developed software is generally assumed to be five years; a useful life of seven years is used as the basis in the case of newly developed trading platforms and clearing systems.

3. Summary of key accounting policies (Continued)

Purchased software is carried at cost and reduced by systematic amortisation and, where necessary, impairment losses. Amortisation is charged using the straight-line method over the expected useful life or at most until the right of use has expired.

Useful life of software

Asset	Amortisation period
Standard software	3 to 10 years
Purchased custom software	3 to 6 years
Internally developed custom software	3 to 7 years

Intangible assets are derecognised on disposal or when no further economic benefits are expected to flow from them.

The amortisation period for intangible assets with finite useful lives is reviewed at least at the end of each financial year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

Goodwill is recognised at cost and tested at least once a year for impairment.

The cost of the other intangible assets mostly acquired in the course of business combinations corresponds to the fair value as at the acquisition date. Assets with a finite useful life are amortised using the straight-line method over the expected useful life. Assets with an indefinite useful life are tested for impairment at least once a year.

Useful life of other intangible assets by business combinations

	Exchange licences	Trade names	Member and customer relationships	Miscellaneous intangible assets
ISE	indefinite	10 years	30 years	2 to 12 years
STOXX	—	indefinite	12 years	3 to 5 years
EEX	indefinite	indefinite	16 years	—
CGSS	—	—	20 years	8 years
Other	indefinite	—	8 to 10 years	3 to 20 years

Since the exchange licences mentioned above have no time restricted validity and in addition there is the intention to maintain the licences within the general business strategies, an indefinite useful life is assumed. Moreover, it is assumed that the trade name of STOXX as well as certain registered trade names of EEX group have also an indefinite useful life. These umbrella brands have a markedly degree of recognition and are used within the operative business, therefore there are no indications to a limited useful life.

Property, plant and equipment

Depreciable property, plant and equipment is carried at cost less cumulative depreciation. The straight-line depreciation method is used. Costs of an item of property, plant and equipment comprise all costs directly attributable to the production process, as well as an appropriate proportion of production overheads. Financing costs were not recognised in the year under review, as they could not be directly allocated to any particular development.

Useful life of property, plant and equipment

Asset	Depreciation period
Computer hardware	3 to 5 years
Office equipment	5 to 25 years
Leasehold improvements	based on lease term

3. Summary of key accounting policies (Continued)

Repair and maintenance costs are expensed as incurred.

If it is probable that the future economic benefits associated with an item of property, plant and equipment will flow to the Group and the cost of the respective asset can be reliably determined, expenditure subsequent to acquisition is added to the carrying amount of the asset as incurred. The carrying amounts of the parts of the asset that have been replaced are derecognised.

Impairment losses on property, plant and equipment and intangible assets

Specific non-current non-financial assets are tested for impairment. At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. In this case, the carrying amount is compared with the recoverable amount (the higher of value in use and fair value less costs of disposal) to determine the amount of any potential impairment.

The value in use is estimated on the basis of the discounted estimated future cash flows from continuing use of the asset and from its ultimate disposal, before taxes. For this purpose, discount rates are estimated based on the prevailing pre-tax weighted average cost of capital. If no recoverable amount can be determined for an asset, it is allocated to a cash-generating unit, for which the recoverable amount is calculated.

Irrespective of any indications of impairment, intangible assets with indefinite useful lives and intangible assets not yet available for use must be tested for impairment annually at least. Impairment tests are performed where there are indications of impairment. If the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognised, and the net carrying amount of the asset is reduced to its estimated recoverable amount.

Goodwill is allocated to identifiable groups of assets (cash-generating units) or groups of cash-generating units that create synergies from the respective acquisition. This corresponds to the lowest level at which Deutsche Börse Group monitors goodwill. An impairment loss is recognised if the carrying amount of the cash-generating unit to which goodwill is allocated (including the carrying amount of this goodwill) is higher than the recoverable amount of this group of assets. The impairment loss is first allocated to the goodwill, then to the other assets in proportion to their carrying amounts.

A review is conducted at every balance sheet date to see whether there is any indication that an impairment loss recognised on non-current assets (excluding goodwill) in the previous years no longer applies. If this is the case, the carrying amount of the asset is increased and the difference is recognised in profit or loss. The maximum amount of this reversal is limited to the carrying amount that would have resulted if no impairment loss had been recognised in previous periods. Impairment losses on goodwill are not reversed.

Fair value measurement

The fair value of a financial instrument is measured using quoted market prices, if available. If no quoted market prices are available, observable market prices, for example for interest rates or foreign exchange rates, are used. These observable market parameters are then used as inputs for financial valuation techniques, e.g. option pricing models or discounted cash flow models. In isolated instances, fair value is determined exclusively on the basis of internal measurement models.

Financial investments

Financial investments comprise investments in associates and joint ventures as well as financial assets.

Investments in associates and joint ventures are measured at cost on initial recognition and accounted for using the equity method upon subsequent measurement.

3. Summary of key accounting policies (Continued)

Financial assets

For Deutsche Börse Group, financial assets are, in particular, other equity investments, receivables and securities from banking business, other financial instruments and other loans, financial instruments of the central counterparties, receivables and other assets as well as bank balances.

Recognition of financial assets

Financial assets are recognised when a Group company becomes a party to the contractual provisions of the instrument. They are generally recognised at the trade date. Loans and receivables from banking business, available-for-sale financial assets from banking business as well as purchases and sales of equities via the central counterparty (i.e. Eurex Clearing AG) are recognised at the settlement date.

Financial assets are initially measured at fair value; in the case of a financial asset that is not measured at fair value through profit or loss in subsequent periods, this includes transaction costs. If they are settled within one year, they are allocated to current assets. All other financial assets are allocated to non-current assets.

Subsequent measurement of financial assets

Subsequent measurement of financial instruments follows the categories which are described below. As in previous years, Deutsche Börse Group did not take advantage of the option to allocate financial assets to the "held-to-maturity investments" category in the year under review. In addition, the Group waived the possibility to designate financial assets at fair value through profit and loss (fair value option). The financial assets are allocated to the respective categories at initial recognition.

Assets held for trading

Derivatives that are not designated as hedging instruments as well as financial instruments of the central counterparties are measured at fair value through profit or loss.

If resulting from banking business, realised and unrealised gains and losses are immediately recognised in the consolidated income statement as "other operating income", "net interest income from banking business" and "other operating expenses" or, if incurred outside the banking business, as "financial income" and "financial expenses".

Loans and receivables

Loans and receivables comprise in particular current and non-current receivables from banking business, trade receivables as well as other current receivables. They are recognised at amortised cost, taking into account any potential impairment losses, if applicable. Premiums and discounts are included in the amortised cost of the instrument concerned and are amortised using the effective interest method; they are contained in "net interest income from banking business" if they relate to banking business, or in "financial income" and "financial expense".

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits as well as financial assets that are readily convertible into cash. They are subject to only minor changes in value. Cash and cash equivalents are measured at amortised cost.

Restricted bank balances mainly include cash deposits by market participants which are invested largely overnight, mainly in the form of reverse repurchase agreements with banks.

Available-for-sale financial assets

Non-derivative financial assets are classified as "available-for-sale financial assets", if they cannot be allocated to the "loans and receivables" and "assets held for trading" categories. These assets comprise debt and equity investments recognised in the "other equity investments" and "other financial

3. Summary of key accounting policies (Continued)

instruments" items as well as debt instruments recognised in the current and non-current receivables and securities from banking business items.

Available-for-sale financial assets are generally measured at the fair value observable in an active market. Unrealised gains and losses are recognised directly in equity in the revaluation surplus. Impairment and effects of exchange rates on monetary items are excluded from this general rule; they are recognised in profit or loss.

Equity instruments for which no active market exists are measured on the basis of current comparable market transactions, if these are available. If an equity instrument is not traded in an active market and alternative valuation methods cannot be applied to that equity instrument, it is measured at cost, subject to an impairment test.

Realised gains and losses are generally recognised under financial income or financial expense. Interest income in connection with debt instruments in the banking business is recognised in the consolidated income statement in net interest income from banking business based on the effective interest rate method. Other realised gains and losses are recognised in the consolidated income statement in "other operating income" and "other operating expenses".

If debt instruments in the banking business are hedged items in fair value hedges, the changes in fair value resulting from the hedged risk are recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows expire or when substantially all the risks and rewards of ownership of the financial assets are transferred.

Clearstream Banking S.A. acts as principal in securities borrowing and lending transactions in the context of the ASLplus securities lending system. Legally, it operates between the lender and the borrower without being an economic contracting partner (transitory items). In these transactions, the securities borrowed and lent match each other. Consequently, these transactions are not recognised in the consolidated balance sheet.

Impairment of financial assets

Financial assets that are not measured at fair value through profit or loss are reviewed at each balance sheet date to establish whether there is any indication of impairment.

Deutsche Börse Group has laid down criteria for assessing whether there is evidence of impairment. These criteria primarily include significant financial difficulties on the part of the debtor and breaches of contract. For equity instruments, the assessment also takes into account the duration and the amount of the impairment compared with cost. If the decline in value amounts to at least 20 per cent of cost and lasts for at least nine months, or if the decline is at least 15 per cent of cost and lasts for at least six months, Deutsche Börse Group takes this to be evidence of impairment. An impairment might be triggered for debt instruments in case of a significant decline in the issuer's credit worthiness.

The amount of an impairment loss for a financial asset measured at amortised cost is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. A subsequent reversal is recognised at a maximum at the carrying amount that would have resulted if no impairment loss had been recognised.

The amount of an impairment loss for a financial asset measured at cost (non-listed equity instruments) is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at a current market interest rate. Subsequent reversal is not permitted.

In the case of available-for-sale financial assets, the impairment loss is calculated as the difference between cost and fair value. Any reduction in fair value already recognised in equity is reclassified to profit or loss upon determination of the impairment loss. A subsequent reversal may only be recognised for debt instruments if the reason for the original impairment loss no longer applies.

3. Summary of key accounting policies (Continued)

Financial liabilities

Financial liabilities relate primarily to interest-bearing liabilities, other liabilities, liabilities from banking business, financial instruments of the central counterparties, cash deposits by market participants as well as trade payables. They are recognised when a Group company becomes a contracting party to the instrument.

They are generally recognised at the trade date. Purchases and sales of equities via the central counterparty Eurex Clearing AG are recognised at the settlement date.

Netting of financial assets and liabilities

Financial assets and liabilities are offset and only the net amount is presented in the consolidated balance sheet when a Group company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities not measured at fair value through profit and loss

Financial liabilities not held for trading are carried at amortised cost. These liabilities comprise issued bonds and private placements. The borrowing costs associated with the placement of financial liabilities are included in the carrying amount, within the framework of the effective interest method, if they are directly attributable. Discounts reduce the carrying amount of liabilities and are amortised over the term of the liabilities.

Financial liabilities measured at fair value through profit and loss

A forward transaction with a non-controlling shareholder for the acquisition of non-controlling interests that is settled in cash or by delivering other financial assets is a financial liability recognised at fair value.

It is subsequently measured at fair value through profit and loss. The equity interest attributable to a non-controlling shareholder underlying the transaction is accounted for as if it had already been acquired at the time of the transaction.

Derivatives and hedges

Derivatives are used to hedge interest rate risk or foreign exchange risk. All derivatives are carried at their fair values.

Hedge accounting is used for derivatives that are part of a hedging relationship determined to be highly effective and for which certain conditions are met. This relates in particular to the documentation of the hedging relationship and the risk strategy and to how reliably the effectiveness can be measured.

Cash flow hedges

The portion of the gain or loss on the hedging instrument determined to be highly effective is recognised directly in equity. This gain or loss ultimately adjusts the value of the hedged cash flow, i.e. the gain or loss from the hedging instrument is recognised in profit or loss when the hedged item is recognised in the balance sheet or in profit or loss. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Fair value hedges

The gain or loss on the hedging instrument, together with the gain or loss on the hedged item (underlying) attributable to the hedged risk, is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item adjusts its carrying amount.

3. Summary of key accounting policies (Continued)

Hedges of a net investment in a foreign operation

The effective portion of the gain or loss from a hedging transaction that is designated as a highly effective hedge is recognised directly in equity. It is recognised in profit or loss when the foreign operation is sold. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Derivatives that are not part of a hedging relationship

Gains or losses on derivative instruments that are not part of a highly effective hedging relationship are recognised immediately in the consolidated income statement.

Financial instruments of the central counterparties

European Commodity Clearing AG or Eurex Clearing AG act as the central counterparty in each case.

- European Commodity Clearing AG guarantees the settlement of spot and derivatives transactions on European Energy Exchange AG and Powernext SA.
- Eurex Clearing AG guarantees the settlement of all transactions involving futures and options on the Eurex exchanges (Eurex Deutschland and Eurex Zürich AG). It also guarantees the settlement of all transactions for Eurex Bonds (bond trading platform) and Eurex Repo (repo trading platform), certain exchange transactions in equities on Frankfurter Wertpapierbörse (FWB, the Frankfurt Stock Exchange)

and certain cash market transactions on the Irish Stock Exchange. Eurex Clearing AG also guarantees the settlement of off-order book trades entered for clearing in the trading systems of the Eurex exchanges, Eurex Bonds, Eurex Repo, the Frankfurt Stock Exchange and the Irish Stock Exchange. In addition, Eurex Clearing AG clears OTC interest rate derivatives and securities lending transactions, where these meet the specified novation criteria.

These transactions of the two clearing houses are only executed between Eurex Clearing AG or European Commodity Clearing AG and a clearing member.

In accordance with IAS 39, purchases and sales of equities and bonds via the central counterparty of the Eurex Clearing AG are recognised and simultaneously derecognised at the settlement date.

For products that are marked to market (futures, options on futures as well as OTC interest-rate derivatives), the clearing houses recognise gains and losses on open positions of clearing members on each exchange day. By means of the variation margin, profits and losses on open positions resulting from market price fluctuations are settled on a daily basis. The difference between this and other margin types is that the variation margin does not comprise collateral, but is a daily offsetting of profits and losses in cash. In accordance with IAS 39, futures and OTC interest rate derivatives are therefore not reported in the consolidated balance sheet. For future-style options, the option premium is not required to be paid in full until the end of the term or upon exercise. Option premiums are carried in the consolidated balance sheet as receivables and liabilities at their fair value on the trade date.

"Traditional" options, for which the buyer must pay the option premium in full upon purchase, are carried in the consolidated balance sheet at fair value. Fixed-income bond forwards are recognised as derivatives and carried at fair value until the settlement date. Receivables and liabilities from repo transactions and from cash-collateralised securities lending transactions are classified as held for trading and carried at fair value. Receivables and liabilities from variation margins and cash collateral that is determined on the reporting date and only paid on the following day are carried at their nominal amount.

The "financial instruments of the central counterparties" are reported as non-current if the remaining maturity of the underlying transactions exceeds twelve months at the reporting date.

The fair values recognised in the consolidated balance sheet are based on daily settlement prices. These are calculated and published by Eurex Clearing AG and European Commoditiy Clearing AG in accordance with the rules set out in the contract specifications (see also the clearing conditions of Eurex Clearing AG and the clearing conditions of European Commoditiy Clearing AG).

3. Summary of key accounting policies (Continued)

Cash or securities collateral of the central counterparties

As Eurex Clearing AG and European Commodity Clearing AG guarantee the settlement of all traded contracts, they have established multi-level collateral systems. The central pillar of the collateral systems is the determination of the overall risk per clearing member (margin) to be covered by cash or securities collateral. Losses calculated on the basis of current prices and potential future price risks are covered up to the date of the next collateral payment.

In addition to these daily collateral payments, each clearing member must make contributions to the respective clearing fund (for further details, see the risk report in the combined management report). Cash collateral is reported in the consolidated balance sheet under "cash deposits by market participants" and the corresponding amounts under "restricted bank balances".

In accordance with IAS 39.20 (b) in conjunction with IAS 39.37, securities collateral is not derecognised by the clearing member providing the collateral, as the transfer of securities does not meet the conditions for derecognition.

Treasury shares

The treasury shares held by Deutsche Börse AG at the reporting date are deducted directly from shareholders' equity. Gains or losses on treasury shares are taken directly to equity. The transaction costs directly attributable to the acquisition of treasury shares are accounted for as a deduction from shareholders' equity (net of any related income tax benefit).

Other current assets

Receivables and other assets are carried at their nominal amount. Adequate valuation allowances take account of identifiable risks.

Non-current assets held-for-sale

Non-current assets that are available for immediate sale in their present condition and whose sale is highly probable within a reasonable period of time are classified as "non-current assets held for sale". A transaction is highly probable if measures for the sale have already been initiated and the relevant bodies have adopted the corresponding resolutions.

Pensions and other employee benefits

Pensions and other employee benefits relate to defined contribution and defined benefit pension plans.

Defined contribution pension plans

There are defined contribution plans as part of the occupational pension system via pension funds and similar pension institutions, as well as on the basis of 401(k) plans. In addition, contributions are paid to the statutory pension insurance scheme. The level of contributions is normally determined in relation to income. On principle, no provisions are recognised for defined contribution plans. The contributions paid are reported as pension expenses in the year of payment.

There are defined contribution pension plans for employees working in Germany, Luxembourg, the Czech Republic, the UK and the USA. In addition, the employer pays contributions to employees' private pension funds.

Defined benefit plans

Provisions for pension obligations are measured, separately for each pension plan, using the projected unit credit method on the basis of actuarial reports. The fair value of plan assets, taking into account the asset ceiling rules if there are any surplus plan assets, is deducted from the present value of pension obligations. This results in the net defined benefit liability or asset. Net interest expense for the financial year is

3. Summary of key accounting policies (Continued)

calculated by applying the discount rate determined at the beginning of the financial year to the net defined benefit liability determined as at that date.

The relevant discount rate is determined by reference to the return on long-term corporate bonds with a rating of at least AA (Moody's Investors Service, Standard & Poor's, Fitch Ratings and Dominion Bond Rating Service) on the basis of the information provided by Bloomberg, and a maturity that corresponds approximately to the maturity of the pension obligations. Moreover, the bonds must be denominated in the same currency as the underlying pension obligation. Measurement of the pension obligations in euros is based on a discount rate of 2.15 per cent, which is determined according to the Towers Watson "GlobalRate:Link" methodology updated in line with the current market trend.

Actuarial gains or losses resulting from changes in expectations with regard to life expectancy, pension trends, salary trends, and the discount rate as compared with the estimate at the beginning of the period or compared with the actual development during the period are recognised directly in other comprehensive income. Actuarial gains and losses recognised in other comprehensive income may not be reclassified to profit or loss in subsequent periods. Similarly, differences between the (interest) income on plan assets determined at the beginning of the period and the return on plan assets actually recorded at the end of the period are also recognised directly in other comprehensive income. The actuarial gains or losses and the difference between the expected and the actual return or loss on plan assets are recognised as revaluation surplus.

Other long-term benefits for employees and members of executive boards (total disability pension, transitional payments and surviving dependents' pensions) are also measured using the projected unit credit method. Actuarial gains and losses and past service cost are recognised immediately and in full through profit or loss.

Other provisions

Provisions are recognised if the Group has a present obligation from an event in the past, an outflow of resources with economic benefit to settle the obligation is probable and it is possible to reliably estimate the amount of this obligation. The amount of the provision corresponds to the best possible estimate of the expense which is necessary to settle the obligation at the balance sheet date.

A provision for restructuring is only recognised when an entity has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that the restructuring measures will be implemented, for example by starting to implement that plan or announcing its main features to those affected by it.

Contingent liabilities are not recognised, but disclosed unless the possibility of an outflow of resources embodying economic benefits is not remote.

Share-based payment

Deutsche Börse Group operates the Group Share Plan, the Stock Bonus Plan (SBP) and the Long-term Sustainable Instrument (LSI), which provide share-based payment components for employees, senior executives and executive board members.

Group Share Plan

Under the Group Share Plan, shares are granted at a discount to the market price. The expense of this discount is recognised in the income statement at the grant date.

Stock Bonus Plan (SBP)

The SBP shares are generally accounted for as share-based payments for which Deutsche Börse AG has a choice of settlement in cash and equity instruments. In the previous years, a standard contract was drafted to settle the tranche due in the following year in cash. Under these circumstances, there is at present a presumption in accordance with IFRS 2 that all SBP shares will be settled in cash. Accordingly, Deutsche Börse Group has measured the SBP shares as cash-settled share-based payment transactions. The cost of

3. Summary of key accounting policies (Continued)

the options is estimated using an option pricing model (fair value measurement) and recognised in staff costs in the consolidated income statement. Any right to payment of a stock bonus only vests after the expiration of the service or performance period of three or four years on which the plan is based.

A separate variable share-based payment has been agreed for Deutsche Börse AG's Executive Board since financial year 2010. The number of virtual shares for each Executive Board member is calculated on the basis of Deutsche Börse AG's average share price in the two months preceding the point in time at which the Supervisory Board establishes the 100 per cent target value for the variable share component. The calculation of the subsequent payout amount of the stock bonus depends on the change in relative shareholder return and Deutsche Börse AG's share price performance. Claims under this stock bonus programme are settled in cash after the expiration of the three-year performance period.

Long-term Sustainable Instrument (LSI)

In order to meet regulatory requirements, the LSI for risk takers (employees whose professional activities have a material impact on the operations of institutions) was introduced in 2014. LSI shares are always settled in cash. Since the companies concerned have the option to fulfil their obligations by delivering shares of Deutsche Börse AG, Deutsche Börse Group has measured the LSI shares as cash-settled share-based payment transactions. The options are measured using an option pricing model (fair value measurement). Any right to payment of a stock bonus only vests after the expiration of the one-year service period on which the plan is based, taking certain waiting periods into account.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed using the balance sheet approach. The deferred tax calculation is based on temporary differences between the carrying amounts in the tax accounts and the carrying amounts in the IFRS financial statements that lead to a future tax liability or benefit when assets are used or sold or liabilities are settled.

The deferred tax assets or liabilities are measured using the tax rates that are currently expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised for the carryforward of unused tax losses only to the extent that it is probable that future taxable profit will be available. Deferred tax assets and deferred tax liabilities are offset where a legally enforceable right to set off current tax assets against current tax liabilities exists and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Leases

Leases are classified as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Leased assets and the associated liabilities are recognised at the lower of fair value and present value of the minimum lease payments if the criteria for classification as a finance lease are met. The leased asset is depreciated or amortised using the straight-line method over its useful life or the lease term, if shorter. In subsequent periods, the liability is measured using the effective interest method.

Expenses incurred in connection with operating leases are recognised as an expense on a straight-line basis over the lease term.

Consolidation

Deutsche Börse AG and all subsidiaries directly or indirectly controlled by Deutsche Börse AG are included in the consolidated financial statements. Deutsche Börse Group controls a company if it is exposed to variable returns resulting from its involvement with the company in question or has rights to such returns and is able to influence them by using its power over the company.

3. Summary of key accounting policies (Continued)

Initial consolidation of subsidiaries in the course of business combinations uses the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. Any excess of cost over the acquirer's interest in the fair value of the subsidiary's net identifiable assets is recognised as goodwill. Goodwill is reported in subsequent periods at cost less accumulated impairment losses.

Intra-Group assets and liabilities are eliminated. Income arising from intragroup transactions is eliminated against the corresponding expenses. Profits or losses arising from deliveries of intra-Group goods and services, as well as dividends distributed within the Group, are eliminated. Deferred taxes for consolidation adjustments are recognised where these are expected to reverse in subsequent years.

Interests in equity attributable to non-controlling interest shareholders are carried under "non-controlling interests" within equity. Where these are classified as "puttable instruments", they are reported under "liabilities".

Currency translation

Transactions denominated in a currency other than a company's functional currency are translated into the functional currency at the spot exchange rate applicable at the transaction date. At the balance sheet date, monetary balance sheet items in foreign currency are measured at the exchange rate at the balance sheet date, while non-monetary balance sheet items recognised at historical cost are measured at the exchange rate on the transaction date. Non-monetary balance sheet items measured at fair value are translated at the closing rate on the valuation date. Exchange rate differences are recorded as other operating income or expense in the period in which they arise unless the underlying transactions are hedged. Gains and losses from a monetary item that forms part of a net investment in a foreign operation are recognised directly in "accumulated profit".

The annual financial statements of companies whose functional currency is not the euro are translated into the reporting currency as follows: assets and liabilities are translated into euros at the closing rate. The items in the consolidated income statement are translated at the average exchange rates for the period under review. Resulting exchange differences are recognised directly in "accumulated profit". When the relevant subsidiary is sold, these exchange rate differences are recognised in consolidated profit for the period in which the deconsolidation gain or loss is realised.

The following euro exchange rates of consequence to Deutsche Börse Group were applied:

Exchange rates

		Average rate 2014	Average rate 2013	Closing price as at 31 Dec 2014	Closing price as at 31 Dec 2013
Swiss francs	CHF	1.2131	1.2294	1.2029	1.2256
US dollars	USD (US$)	1.3210	1.3317	1.2156	1.3769
Czech koruna	CZK	27.5561	26.0261	27.7333	27.4000
Singapore dollar	SGD	1.6762	1.6681	1.6058	1.7418
British pound	GBP (£)	0.8026	0.8505	0.7806	0.8332

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from initial consolidation are reported in the functional currency of the foreign operation and translated at the closing rate.

Key sources of estimation uncertainty and management judgements

The application of accounting policies, presentation of assets and liabilities and recognition of income and expenses requires the Executive Board to make certain judgements and estimates. Adjustments in this context are taken into account in the period the change was made as well as in subsequent periods, where necessary.

3. Summary of key accounting policies (Continued)

Impairment

Deutsche Börse Group tests goodwill as well as intangible assets with indefinite useful lives for impairment and intangible assets not yet available for use at least once a year. Certain assumptions have to be made to determine the recoverable amount, which is calculated regularly using discounted cash flow models. This is based on the relevant business plans with a time horizon of normally three to five years. These plans in turn contain projections of the future financial performance of the assets and cash-generating units. If their actual financial performance fails to meet these expectations, corresponding adjustments may be necessary. For further information on the effects of changes in the discount rate and further assumptions, please see note 11.

Pensions and other employee benefits

Pensions and other employee benefits are measured using the projected unit credit method, which calculates the actuarial present value of the accumulated benefit obligation. Calculating the present value requires certain actuarial assumptions (such as the discount rate, staff turnover rate, salary and pension trends) to be made. The current service cost and the net interest expense or income for the subsequent period are calculated on the basis of these assumptions. Any departures from these assumptions, for example because of changes in the macroeconomic environment, are recognised in "other comprehensive income" in the following financial year. A sensitivity analysis of the key factors is presented in note 22.

Income taxes

Deutsche Börse Group is subject to the tax laws of those countries in which it operates and generates income. Considerable management judgement has to be exercised in determining the tax provisions. For a large number of transactions and calculations, no definitive tax-relevant information is available at the time these figures are determined. Deutsche Börse Group recognises corresponding provisions for risks expected from external tax audits. If the final results of these external audits differ from the estimates, the resulting effects on current and deferred taxes are recognised in the period in which they become known.

Legal risks

The companies of Deutsche Börse Group are subject to litigation. Such litigation may lead to orders to pay against the entities of the Group. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation if such amount is reasonably estimable. Management judgement includes the determination whether there is a possible obligation from past events, the evaluation of the probability that an outflow will occur and the estimation of the potential amount. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously. For further information on other risks please see note 37.

Group Share Plan, Stock Bonus Plan and Long-term Sustainable Instrument

Note 39 contains disclosures on the valuation model used for the stock options. Where the estimates of the valuation parameters originally applied differ from the actual values available when the options are exercised, adjustments are necessary; such adjustments are recognised in the consolidated income statement for the period if they relate to cash-settled share-based payment transactions.

Provisions

In addition, the probable utilisation applied when establishing provisions for expected losses from rental agreements is estimated (see note 24). In the creation of personnel-related restructuring provisions, certain assumptions were made with regard to, for example, fluctuation rate, discount rate and salary trends. Should the actual values deviate from these assumptions, adjustments may be necessary.

Consolidated income statement disclosures

4. Net revenue

Composition of net revenue

	Sales revenue		Net interest income from banking business		Other operating income		Volume-related costs		Net revenue	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Eurex										
Equity index derivatives	379.2	349.7	0	0	0	0	(34.4)	(24.4)	344.8	325.3
Interest rate derivatives	166.2	183.9	0	0	0	0	(1.1)	0	165.2	183.9
US options (ISE)	199.1	180.8	0	0	0	0	(116.1)	(89.3)	83.0	91.5
Commodity derivatives(1)	73.1	0	0	0	1	0	(10.1)	0	63.9	0
Repurchase agreements(1)	37.5	34.2	0	0	0	0	0	0	37.5	34.2
Equity derivatives	37.5	41.9	0	0	0	0	(3.2)	(1.7)	34.3	40.2
Other assets	60.9	59.5	0	0	16.2	13.5	(3.2)	(7.4)	73.9	65.6
	953.5	**850.0**	**0**	**0**	**17.2**	**13.5**	**(168.1)**	**(122.8)**	**802.6**	**740.7**
Xetra										
Trading(2)	124.7	115.3	0	0	0.5	0	(24.8)	(22.6)	100.4	92.7
Clearing and settlement fees	36.1	34.5	0	0	0.1	0	(6.3)	(6.5)	29.9	28.0
Other assets	23.9	22.2	0	0	8.3	8.9	(0.6)	(0.1)	31.6	31.0
	184.7	**172.0**	**0**	**0**	**8.9**	**8.9**	**(31.7)**	**(29.2)**	**161.9**	**151.7**
Clearstream(3)										
Custody fees	465.8	439.9	0	0	0	0	(110.4)	(103.9)	355.4	336.0
Transaction fees	138.1	124.2	0	0	0	0	(13.1)	(12.2)	125.0	112.0
Global Securities Financing	98.2	88.3	0	0	0	0	(33.7)	(30.5)	64.5	57.8
Net interest income	0	0	32.8	35.9	0	0	0	0	32.8	35.9
Other assets	132.1	121.6	0	0	6.4	7.4	(18.2)	(16.8)	120.3	112.2
	834.2	**774.0**	**32.8**	**35.9**	**6.4**	**7.4**	**(175.4)**	**(163.4)**	**698.0**	**653.9**
Market Data + Services(4)										
Information	172.3	168.6	0	0	1.9	1.3	(25.4)	(24.6)	148.8	145.3
Tools	111.6	109.2	0	0	0.6	0.6	(3.9)	(2.4)	108.2	107.4
Index	99.7	84.4	0	0	1.0	1.1	(10.4)	(8.9)	90.4	76.6
Market Solutions	33.1	36.1	0	0	0	0.6	0	0	33.1	36.7
	416.7	**398.3**	**0**	**0**	**3.5**	**3.6**	**(39.7)**	**(35.9)**	**380.5**	**366.0**
Total	**2,389.1**	**2,194.3**	**32.8**	**35.9**	**36.0**	**33.4**	**(414.9)**	**(351.3)**	**2,043.0**	**1,912.3**
Consolidation of internal net revenue	**(41.3)**	**(34.0)**	**0**	**0**	**(12.9)**	**(12.8)**	**54.2**	**46.8**	**0**	**0**
Group	**2,347.8**	**2,160.3**	**32.8**	**35.9**	**23.1**	**20.6**	**(360.7)**	**(304.5)**	**2,043.0**	**1,912.3**

(1) Revenues from commodity derivatives largely consist of revenues from the European Energy Exchange AG that was consolidated in 2014 for the first time. Due to the increased relevance of repurchase agreements these are listed as a separate product group. Prior-year figures have been adjusted accordingly.

(2) The "Trading" item includes Börse Frankfurt (formerly Xetra Frankfurt Specialist Trading; since Q3/2013 following the termination of the Börse Frankfurt Zertifikate Holding S.A. cooperation including certificates and warrants) and the electronic Xetra trading system.

(3) Services and their net revenues were newly allocated to the productsin course of internal restructuring measures in the Clearstream segment. Prior-year figures have been adjusted accordingly.

(4) Services and their net revenues were newly allocated to the productsin course of internal restructuring measures in the Market Data + Services segment. Prior-year figures have been adjusted accordingly.

4. Net revenue (Continued)

Composition of net interest income from banking business

	2014	2013
	€m	€m
Loans and receivables	26.4	22.3
Financial liabilities measured at amortised cost	(7.2)	(7.2)
Available-for-sale financial assets	5.5	5.1
Financial assets or liabilities measured at fair value through profit or loss:		
Interest income	9.3	16.1
Interest expense	(1.2)	(0.3)
Total	**32.8**	**36.0**

Composition of other operating income

	2014	2013
	€m	€m
Income from exchange rate differences	5.6	6.9
Income from impaired receivables	4.1	0.6
Income from settlement of put options	0	2.0
Income from agency agreements	0.2	0.7
Rental income from sublease contracts	0.9	0.6
Miscellaneous	12.3	9.8
Total	**23.1**	**20.6**

For details of rental income from sublease contracts see note 38.

Miscellaneous other operating income includes income from cooperation agreements and from training as well as valuation adjustments.

Volume-related costs comprise partial or advance concessions which Deutsche Börse Group obtains from third parties and markets as part of its own value chain. They indirectly depend on the development of volume trends and sales revenue.

5. Staff costs

Composition of staff costs

	2014	2013
	€m	€m
Wages and salaries	394.7	369.0
Social security contributions, retirement and other benefits	77.7	107.0
Total	**472.4**	**476.0**

Staff costs include costs of €11.7 million (2013: €62.6 million) recognised in connection with efficiency programmes as well as costs of €25.3 million (2013: €0.9 million) for newly consolidated companies.

6. Other operating expenses

Composition of other operating expenses

	2014	2013
	€m	€m
Costs related to OFAC settlement[1]	—	129.0
Costs for IT services providers and other consulting services	203.9	159.5
IT costs	91.2	78.5
Premises expenses	71.0	75.1
Non-recoverable input tax	47.8	34.4
Advertising and marketing costs	23.8	34.4
Travel, entertainment and corporate hospitality expenses	25.2	20.6
Non-wage labour costs and voluntary social benefits	15.0	12.6
Insurance premiums, contributions and fees	13.8	12.0
Cost of agency agreements	5.7	7.7
Supervisory Board remuneration	5.4	5.0
Cost of exchange rate differences	3.0	3.9
Miscellaneous	11.8	15.3
Total	**517.6**	**588.0**

(1) OFAC = U.S. Office of Foreign Assets Control

Costs for IT service providers and other consulting services relate mainly to expenses in conjunction with software development. An analysis of development costs is presented in note 7. These costs also contain costs of strategic and legal consulting services as well as of audit activities. Increased costs for IT services and other consulting services amounting to €44.4 million include €10.5 million for costs resulting from the consolidation of EEX, Impendium, Cleartrade and CGSS, €15.5 million for increased investments in growth and infrastructure projects and €18.4 million for costs related to business combinations and acquisitions, criminal investigations against Clearstream as well as stricter regulatory requirements.

Composition of fees for the auditor

	2014		2013	
	Total	Germany	Total	Germany
	€m	€m	€m	€m
Statutory audit	2.7	1.3	2.3	1.2
Other assurance or valuation services	1.4	1.3	1.0	0.6
Tax advisory services	0.6	0.3	0.8	0.5
Other services	0.4	0.3	0.4	0.2
Total	**5.1**	**3.2**	**4.5**	**2.5**

7. Research and development costs

Own expenses capitalised relate solely to development costs of internally developed software, involving the following systems and projects in the individual segments:

Research and development costs

	Total expense for software develoment		of which capitalised	
	2014	2013	2014	2013
	€m	€m	€m	€m
Eurex				
Eurex software	17.5	5.4	6.3	2.2
Trading platform T7 for Xetra/Eurex	12.3	25.0	5.5	10.2
Eurex Clearing Prisma	24.3	24.0	6.1	10.4
New trading platform ISE	6.0	5.9	5.3	5.3
EEX software	2.2	—	2.2	—
EurexOTC Clear	46.2	35.7	17.6	14.1
	108.5	**96.0**	**43.0**	**42.2**
Xetra				
Xetra software	2.8	4.8	0	0.3
Trading platform T7 for Xetra/Eurex	0.8	0	0	0
CCP releases	1.4	2.9	0	0.3
	5.0	**7.7**	**0**	**0.6**
Clearstream				
Collateral management and settlement	62.1	58.9	26.9	34.0
Custody	16.2	10.2	10.5	5.2
Connectivity	21.5	20.0	5.8	6.9
Investment funds	2.0	4.9	0.7	1.7
	101.8	**94.0**	**43.9**	**47.8**
Market Data + Services	**4.1**	**4.2**	**0.3**	**0.3**
Research expense	**2.3**	**1.8**	**0**	**0**
Total	**221.7**	**203.7**	**87.2**	**90.9**

8. Result from equity investments

Composition of result from equity investments

	2014	2013
	€m	€m
Equity method-accounted result of associates and joint ventures		
EPEX Spot SE[1]	8.2	n.a.
ID's SAS	1.4	0.2
Tradegate AG Wertpapierhandelsbank	0.5	0.3
BrainTrade Gesellschaft für Börsensysteme mbH	0.3	0.1
European Market Coupling Company GmbH i.L.[1]	0.3	n.a.
Deutsche Börse Commodities GmbH	0.1	0.1
European Energy Exchange AG	n.a.[2]	3.8
Direct Edge Holdings, LLC	n.a.[3]	2.2
Börse Frankfurt Zertifikate Holding S.A. in liquidation	n.a.[4]	1.4
Total income from equity methode measurement	**10.8**	**8.1**
Zimory GmbH	(6.1)	(0.6)
Deutsche Börse Cloud Exchange AG	(1.4)	(0.5)
Global Markets Exchange Group International, LLP	(0.7)	(0.1)
Bondcube Limited	(0.5)	n.a.
Digital Vega FX Ltd.	(0.1)	(0.1)
Hanweck Associates, LLC	0	(0.1)
Total expenses from equity method measurement[5]	**(8.8)**	**(1.4)**
Result from associates and joint ventures	**2.0**	**6.7**
Result due to transition from equity method to consolidation	**10.6**	**2.0**
Result from other equity investments	**65.7**	**0.6**
Result from equity investments	**78.3**	**9.3**

(1) Since European Energy Exchange AG was fully consolidated on 1 January 2014, company is recognised as associate, see also note 2.

(2) Since 1 January 2014, European Energy Exchange AG is no longer recognised as assosiate, see note 2.

(3) Since 31 January 2014, former Direct Edge Holdings, LLC is no longer recognised as assosiate, see note 2.

(4) Since 1 July 2013 Börse Frankfurt Zertifikate Holding S.A. in liquidation is no longer recognised as associate.

(5) Including impairment

In financial year 2014, an impairment loss of €3.9 million was recognised on Zimory GmbH, Berlin, Germany, an associate, due to the loss of a major customer. The recoverable amount was determined on the basis of fair value less costs of disposal and amounted to €3.2 million. It was calculated using net asset values (level 3 inputs). The impairment loss was recognised in the result from associates and is allocated to the Eurex segment.

The result from other equity investments includes income of €46.4 million resulting from the remeasurement in connection with the business combination of Direct Edge Holdings, LLC and BATS Global Markets, Inc. For details see note 2.

In the reporting year, dividends of €7.4 million (2013: €10.9 million) were received from interests in associates. These include dividends resulting from interests in Direct Edge Holdings, LLC totalling €1.9 million. Thereof, €0.7 million are attributable to the equity interest in Direct Edge Holdings, LLC which were categorised as "availabe-for-sale" until the completion of the business combination contract of Direct Edge Holdings, LLC with BATS Global Markets, Inc. See note 2.

Dividends of €17.4 million (2013: €2.0 million) were received from interests in other equity investments in the year under review.

9. Financial result

Composition of financial income

	2014	2013
	€m	€m
Other interest and similar income	7.3	0.4
Interest on reverse repurchase agreements categorised as "loans and receivables"	6.4	3.1
Interest income from the transfer of negative interest to clearing members from investments categorised as "loans and receivables"	3.0	0
Income from available-for-sale securities	1.2	1.7
Interest on bank balances categorised as "loans and receivables"	0.5	0.2
Interest income from receivables against associates and employees categorised as "loans and receivables"	0.3	0.3
Total	**18.7**	**5.7**

Composition of financial expense

	2014	2013
	€m	€m
Interest on non-current loans(1)	42.1	57.1
Interest on taxes	6.4	6.1
Interest expenses from negative interest(1)	3.0	0
Interest-like expenses for derivatives held as hedging instruments	2.8	2.1
Other costs and interest-like expenses(1)	2.6	2.9
Expenses from the unwinding of the discount on the pension provisions	2.5	3.9
Transaction costs of non-current liabilities(1)	0.8	0.8
Interest-like expenses from revaluation of contingent considerations	0.7	0
Interest expenses on the transfer of interest to clearing members(1)	0.5	0
Interest on current liabilities(1)	0.4	0.3
Interest-like expenses for exchange rate differences on liabilities(1)	0	3.2
Total	**61.8**	**76.4**

(1) Measured at amortised cost

Negative interest incurred on the reinvestment of cash collateral was charged to the clearing participants.

10. Income tax expense

Composition of income tax expense (main components)

	2014	2013
	€m	€m
Current income taxes:		
of the year under review	226.9	181.0
from previous years	(4.6)	(11.3)
Deferred tax (income)/expense on temporary differences	(48.8)	2.1
Total	**173.5**	**171.8**

The total current tax expenses in the amount of €222.3 million include domestic tax expenses of €151.5 million and foreign tax expenses of €70.8 million (2013: domestic tax expenses €135.1 million, foreign tax expenses €34.6 million). The total deferred tax income in the amount of €(48.8) million include domestic tax income of €(1.9) million and foreign tax income of €(46.9) million (2013: domestic tax income €(1.1) million, foreign tax expenses €3.2 million).

As in the previous year, tax rates of 26 to 32 per cent were used in the reporting period to calculate deferred taxes for the German companies. These reflect trade income tax at multipliers of 280 to 460 per

10. Income tax expense (Continued)

cent (2013: 280 to 460 per cent) on the tax base value of 3.5 per cent (2013: 3.5 per cent), corporation tax of 15 per cent (2013: 15 per cent) and the 5.5 per cent solidarity surcharge (2013: 5.5 per cent) on corporation tax.

A tax rate of 29.2 per cent (2013: 29.2 per cent) was used for the Luxembourgian companies, reflecting trade income tax at a rate of 6.7 per cent (2013: 6.7 per cent) and corporation tax at 22.5 per cent (2013: 22.5 per cent).

Tax rates of 12.5 to 45 per cent were applied to the companies in China, the Czech Republic, Ireland, Japan, Portugal, Singapore, Spain, Switzerland, the United Kingdom and the USA (2013: 12.5 to 45 per cent).

The following table shows the carrying amounts of deferred tax assets and liabilities as well as the related tax expenses recognised in income or directly in equity.

Composition of deferred taxes

	Deferred tax assets		Deferred tax liabilities		Exchange rate differences	Deferred tax expense/ (income)		Tax expense/ (income) recognised directly in equity	
	2014	2013	2014	2013	2014	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Pension provisions and other employee benefits	53.7(1)	36.0	0	0	(0.7)	0.6	3.3	(17.6)	3.8
Other provisions	21.6	16.1	0	0	(2.3)	(3.1)	(7.5)	0	0
Interest-bearing liabilities	2.9	0	0	(1.1)	0	(4.0)	0.2	0	0
Intangible assets	0	0	(27.2)	(19.9)	0	7.3	6.0	0	0
Intangible assets from purchase price allocation	0	0	(277.9)	(236.6)	24.6	16.7	(4.2)	0	0
Non-current assets	0	1.7(2)	(22.2)(3)	0	0	0.1	(2.5)	0	0
Investment securities	0	0	(8.4)	(4.5)	0	3.2	(3.8)	0.7(4)	1.0(4)
Other non-current assets	2.3	3.0	0	0	0	0	0.8	0.7(4)	0.6(4)
Other liabilities	1.5	1.6	0	0	0	0.1	(1.6)	0	0
Losses carried forward	99.6(5)	25.8(6)	0	0	0.8	(69.7)	11.4	0	0
Exchange rate differences	0	0	(85.1)	(16.5)	0	0	0	68.6(7)	(21.8)(7)
Gross amounts	**181.6**	**84.2**	**(420.8)**	**(278.6)**	**22.4**	**(48.8)**	**2.1**	**52.4**	**(16.4)**
Netting of deferred taxes	(41.3)	(35.2)	41.3	35.2	0	0	0	0	0
Total	**140.3**	**49.0**	**(379.5)**	**(243.4)**	**22.4**	**(48.8)**	**2.1**	**52.4**	**(16.4)**

(1) Thereof €0.1 million due to acquisitions through business combinations resulting from the initial consolidation of the European Energy Exchange AG

(2) Thereof €(1.1) million due to acquisitions through business combinations resulting from the termination of the cooperating agreement with Scoach

(3) Thereof €(23.8) million due to acquisitions through business combinations resulting from the initial consolidation of the European Energy Exchange AG

(4) Separate disclosure in the consolidated statement of changes in equity under "revaluation surplus"

(5) Thereof €4.9 million due to acquisitions through business combinations resulting from the initial consolidation of the European Energy Exchange AG

(6) Thereof €1.2 million due to acquisitions through business combinations resulting from the termination of the cooperating agreement with Scoach

(7) Separate disclosure in the consolidated statement of changes in equity under "accumulated profit"

€157.7 million (2013: €64.8 million) of deferred tax assets and €293.0 million (2013: €247.7 million) of deferred tax liabilities have an expected remaining maturity of more than one year.

10. Income tax expense (Continued)

Deferred tax liabilities have not been recognised in respect of the tax on future dividends that may be paid from retained earnings by subsidiaries and associated companies. In accordance with section 8b (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act), 5 per cent of dividends and similar income received by German companies is treated as non-deductible expenses for tax purposes. The unrecognised deferred tax liabilities on future dividends of subsidiaries and associates as well as gains from the disposal of subsidiaries and associates amount to €0.8 million.

Reconciliation between the expected and the reported tax expense

	2014	2013
	€m	€m
Expected income taxes derived from earnings before tax[1]	250.5	173.7
Tax losses utilised and tax ineffective losses carried forward	7.8	5.9
Recognition of deferred taxes on losses carried forward yet not recognised	(55.0)	(0.8)
Tax increases due to other non-tax-deductible expenses	12.0	6.7
Effects resulting from different tax rates	(6.6)	0.8
Tax decreases due to dividends and income from the disposal of equity investments	(31.5)	(9.8)
Exchange rate differences	0	8.2
Other	0.9	(1.5)
Income tax expense arising from current year	**178.1**	**183.2**
Prior-period income taxes	(4.6)	(11.4)
Income tax expense	**173.5**	**171.8**

(1) Both corporate earnings before tax amounting to €963.4 million as well as income tax expense amounting to €173.5 million include the special effects resulting from the business combination of Direct Edge Holdings, LLC and BATS Global Markets, Inc. amounting to €63.0 million and €26.1 million respectively.

To determine the expected tax expense, earnings before tax have been multiplied by the composite tax rate of 26 per cent assumed for 2014 (2013: 26 per cent).

At the end of the financial year, accumulated unused tax losses amounted to €51.7 million (2013: €176.7 million), for which no deferred tax assets were recognised. The unused tax losses are attributable to domestic losses totalling €4.0 million and to foreign tax losses totalling €47.7 million (2013: domestic tax losses €6.3 million, foreign tax losses €170.4 million). Tax losses of €1.9 million were utilised in 2014 (2013: €3.6 million).

The losses can be carried forward in Germany subject to the minimum taxation rules, and in Luxembourg indefinitely according to the current legal situation. Losses in other countries can be carried forward for periods of up to 20 years.

Consolidated balance sheet disclosures

11. Intangible assets

Intangible assets

	Purchased software	Internally developed software	Goodwill	Payments on account and construction in progress(1)	Other intangible assets	Total
	€m	€m	€m	€m	€m	€m
Historical cost as at 1 Jan 2013	**285.6**	**766.6**	**2,089.1**	**85.4**	**1,945.4**	**5,172.1**
Acquisitions through business combinations(2)	0	0	4.6	0	3.9	8.5
Additions	7.2	15.7	0	75.2	0.9	99.0
Disposals	(88.5)	(200.6)	0	0	0	(289.1)
Reclassifications	0	75.4	0	(75.4)	0	0
Exchange rate differences	(0.2)	(1.4)	(40.4)	0	(61.6)	(103.6)
Historical cost as at 31 Dec 2013	**204.1**	**655.7**	**2,053.3**	**85.2**	**1,888.6**	**4,886.9**
Acquisitions through business combinations(3)	13.7	1.9	57.9	1.7	97.9	173.1
Additions	15.7	6.0	0	81.2	0	102.9
Disposals	(4.8)	(6.6)	0	(1.2)	0	(12.6)
Reclassifications	1.4	65.3	0	(66.7)	0	0
Exchange rate differences	0.8	4.8	124.0	0	188.2	317.8
Historical cost as at 31 Dec 2014	**230.9**	**727.1**	**2,235.2**	**100.2**	**2,174.7**	**5,468.1**
Amortisation and impairment losses as at 1 Jan 2013	**258.3**	**661.2**	**10.7**	**0**	**1,063.1**	**1,993.3**
Amortisation	12.7	39.7	0	0	17.4	69.8
Impairment losses	0	0.6	0	0	0	0.6
Disposals	(87.8)	(202.5)	0	0	0	(290.3)
Exchange rate differences	(0.2)	(1.0)	0	0	(44.0)	(45.2)
Amortisation and impairment losses as at 31 Dec 2013	**183.0**	**498.0**	**10.7**	**0**	**1,036.5**	**1,728.2**
Amortisation	15.7	47.4	0	0	21.9	85.0
Disposals	(4.6)	(6.6)	0	0	0	(11.2)
Exchange rate differences	0.4	3.4	0	0	135.8	139.6
Amortisation and impairment losses as at 31 Dec 2014	**194.5**	**542.2**	**10.7**	**0**	**1,194.2**	**1,941.6**
Carrying amount as at 31 Dec 2013	21.1	157.7	2,042.6	85.2	852.1	3,158.7
Carrying amount as at 31 Dec 2014	**36.4**	**184.9**	**2,224.5**	**100.2**	**980.5**	**3,526.5**

(1) Additions in payments on account and construction in progress in the year under review relate exclusively to internally developed software.

(2) This relates exclusively to additions as part of the business combination of Börse Frankfurt Zertifikate Holding S.A. and Börse Frankfurt Zertifikate AG.

(3) This relates exclusively to additions as part of the consolidation of the European Energy Exchange AG and the acquisition of shares of Clearstream Global Services Ltd. and Impendium Systems Ltd, see note 2.

Software, payments on account and construction in progress

Additions to and reclassifications of software relate primarily to the development of software products for the Clearstream segment as well as to the development of the risk margining and clearing system (Eurex Clearing Prisma) and of the new clearing technology C7 (CleAR programme) of the Eurex segment.

11. Intangible assets (Continued)

Carrying amounts of material software and construction in progress as well as remaining amortisation periods of software

	Carrying amount as at		Remaining amortisation period as at	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	€m	€m	years	years
Eurex				
Derivatives trading platform T7	31.9	34.8	4.9–6.9	4.9–5.9
C7 Release 1.0	21.2	n.a.	7.0	n.a.
ISE trading platform including applications	19.2	31.3	2.0–4.3	3.3–4.7
Eurex Clearing Prisma Release 1.0	13.6	16.1	5.3	6.3
Eurex Clearing Prisma Release 2.0	11.9	10.2	7.0	n.a.
Eurex Release 14.0 Clearing	2.0	20.3	n.a.	n.a.
Clearstream				
TARGET2-Securities	51.7	30.3	n.a.	n.a.
MALMO	15.5	5.0	n.a.	n.a.
GVAS	10.5	14.3	3.7	4.7

In addition to event-driven impairment tests on all intangible assets, intangible assets not yet available for use are tested for impairment at least annually. These tests did not result in any impairment losses to be recognised in 2014 (2013: €0.6 million).

Goodwill

Changes in goodwill by business combinations

	Clearstream	ISE	EEX	STOXX	CGSS	Miscellaneous	Total goodwill
	€m	€m	€m	€m	€m	€m	€m
Balance as at 1 Jan 2014	**1,063.8**	**921.3**	**0**	**32.6**	**0**	**24.9**	**2,042.6**
Acquisitions through business combinations	0	0	33.3	0	15.1	9.5	57.9
Additions	0	0	0	0	0	0	0
Exchange rate differences	0	122.3	0	0	0	1.7	124.0
Balance as at 31 Dec 2014	**1,063.8**	**1,043.6**	**33.3**	**32.6**	**15.1**	**36.1**	**2,224.5**

The impairment test is performed by allocating the goodwill to the following groups of cash-generating units (CGUs):

Goodwill allocation to the groups of cash-generating units (CGUs)

	CGU Clearstream	CGU Eurex	CGU Market Data + Services	CGU EEX	CGU Fund Services	CGU Infobolsa	CGU Börse Frankfurt Zertifikate	Total goodwill
	€m	€m	€m	Mio. €	€m	€m	€m	€m
Balance as at 31 Dec 2014	1,063.8	1,043.6	54.1	33.3	19.1	6.0	4.6	2,224.5

Goodwill are intangible assets with an indefinite useful life. The recoverable amounts of the CGUs with allocated goodwill are based either on their values in use or on their fair value less costs of disposal, depending on the respective unit. Only in cases in which one of these values (value in use or fair value less costs of disposal) does not exceed the carrying amount, the respective other value is calculated. Since there is no active market for the CGUs, the discounted cash flow method is used to calculate both value in use and fair value less costs of disposal. Input factors are always such of level 3.

11. Intangible assets (Continued)

Pricing, trading volumes, assets under custody, market share assumptions or general business development assumptions are based on past experience or market research. Other key assumptions are mainly based on external factors and generally correspond with internal management planning. Significant macroeconomic indicators include, for instance, equity index levels, volatility of equity indices, as well as interest rates, exchange rates, GDP growth, unemployment levels and government debt. When calculating value in use, the projections are adjusted for the effects of future restructurings and expansion investments, if appropriate.

The discount rate is based on a risk-free interest rate between 1.2 and 1.7 per cent (2013: 2.5 and 2.6 per cent) and a market risk premium of 6.5 per cent (2013: 6.5 per cent). It is used to calculate individual discount rates for each CGU that reflect beta factors, cost of debt and capital structure of the peer groups concerned.

Each calculation of the sensitivities stated below is based on the adaption of a parameter (discount rate, the compound annual growth rate—CAGR—of net revenue and operating costs and growth rate of a perpetual annuity), by assuming that all other parameters in the evaluation model remain unchanged. Thus, possible correlations between the parameters are not considered.

Cash-generating unit Clearstream

The goodwill from the acquisition of the Clearstream subgroup (€1,063.8 million) is allocated to a group of CGUs in the Clearstream segment.

The recoverable amount is determined on the basis of the value in use applying the discounted cash flow method. Cash flows are projected over a five-year period (2015 to 2019). The CAGR in this period is 5.1 per cent for net revenue and (0.9) per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated assuming a perpetual annuity with a growth rate of 1.5 per cent (2013: 1.5 per cent). The pre-tax discount rate used is calculated on the basis of the cost of equity and amounts to 12.0 per cent (2013: 14.6 per cent).

Even in the case of a reasonably possible change of the applied parameters, no impairment charge would have to be recognised for the Clearstream CGU.

Cash-generating unit Eurex

The goodwill resulting from the acquisition of ISE (€1,043.6 million) is allocated to a group of CGUs in the Eurex segment. Since the ISE goodwill is calculated in US dollars, an exchange rate difference of €122.3 million occurred in 2014 (2013: €(40.0) million).

The recoverable amount is determined on the basis of the value in use applying the discounted cash flow method. Cash flows are projected over a five-year period (2015 to 2019) for European as well as US activities. The CAGR in this period is 2.2 per cent for net revenue and 1.5 per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond this period are, as in the previous year, extrapolated, assuming a perpetual annuity with a growth rate of 1.0 per cent (2013: 1.0 per cent). The pre-tax discount rate used is 12.6 per cent (2013: 13.4 per cent).

Even in case of a reasonably possible change of the applied parameters, no impairment charge would have to be recognised for the Eurex CGU.

Cash-generating unit Market Data + Services

The goodwill arising from the acquisition of STOXX Ltd. (€32.6 million) as well as the goodwill arising from the acquisition of the business of Kingsbury International Ltd. (€0.5 million) is allocated to a group of CGUs in the Market Data + Services segment.

The goodwill of €7.8 million from the acquisition of Market News International Inc. and the goodwill of €3.2 million from the acquisition of the Need to Know News, LLC are also allocated to this group of CGUs in the Market Data + Services segment. As both goodwills are denominated in US dollar, an exchange rate difference of €1.2 million occurred in 2014 (2013: €(0.4) million).

11. Intangible assets (Continued)

Eventually, the goodwill arising of the acquisition of Impendium Systems Ltd (€10.0 million) is allocated to this group of CGUs in the Market Data + Services segment. Through translating the goodwill into euro, an exchange rate difference of €0.5 million occurred in 2014.

The recoverable amount of the Market Data + Services CGU is determined on the basis of the fair value less costs of disposal applying the discounted cash flow method. Cash flows are planned over a five-year period (2015 to 2019). The CAGR in this period is 2.8 per cent for net revenue and 1.6 per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated, assuming a perpetual annuity with a growth rate of 2.0 per cent (2013: 2.0 per cent). The after-tax discount rate used was 9.0 per cent (2013: 9.8 per cent).

Even in case of a reasonably possible change of the applied parameters, no impairment charge would have to be recognised for the Market Data + Services CGU.

Cash-generating unit EEX

The goodwill arising of the acquisition of the European Energy Exchange AG (EEX) as well as their subsidiaries (€33.3 million) is allocated to the EEX cash-generating unit in the Eurex segment. Other intangible assets of EEX, including the exchange licence (indefinite useful life), are also tested for impairment.

The recoverable amount is determined on the basis of the fair value less costs of disposal applying the discounted cash flow method. The cash flows are projected over a five-year period (2015 to 2019). The CAGR in this period is 1.5 per cent for net revenue and (1.9) per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated, assuming a perpetual annuity with a growth rate of 2.0 per cent. The after-tax discount rate used amounts to 9.6 per cent.

Even in case of a reasonably possible change of the applied parameters, no impairment charge would have to be recognised for the EEX cash-generating unit.

Cash-generating unit Fund Services

The goodwill from the acquisition of Clearstream Fund Services Ireland Ltd. (€4.0 million) as well as the goodwill from the business combination of the Clearstream Global Securities Services Limited (€15.1 million) are allocated to the Fund Services CGU in the Clearstream segment.

The recoverable amount is determined on the basis of fair value less costs of disposal, applying the discounted cash flow method. Cash flows are projected over a five-year period (2015 to 2019). The CAGR in this period is 24.6 per cent for net revenue and 10.3 per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated, assuming a perpetual annuity with a growth rate of 2.5 per cent (2013: 2.5 per cent). The after-tax discount rate used is calculated on the basis of the cost of equity and amounts to 13.2 per cent (2013: 11.5 per cent).

A decrease in the CAGR within the detailed planning period in net revenue to 21.2 per cent or an increase in operating costs (less depreciation, amortisation or impairments) to 14.0 per cent would result in an impairment of the intangible assets allocated to the Fund Services CGU. As at 31 December 2014, the recoverable amount exceeds the carrying amount by €34.8 million.

Cash-generating unit Infobolsa

The goodwill from the acquisition of the Infobolsa subgroup (€2.9 million) including the goodwill from the acquisition of the shares in Open Finance, S.L. (€3.1 million) is allocated to the Infobolsa CGU in the MD+S segment.

The recoverable amount is determined on the basis of fair value less costs of disposal, applying the discounted cash flow method. Cash flows are planned over a five-year period (2015 to 2019). The CAGR in this period is 6.9 per cent for net revenue and 5.7 per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated, assuming a

11. Intangible assets (Continued)

perpetual annuity with a growth rate of 2.0 per cent (2013: 2.0 per cent). The after-tax discount rate used is 9.0 per cent (2013: 9.8 per cent).

A decrease in the CAGR within the detailed planning period in net revenue to 6.0 per cent or an increase in operating costs (less depreciation, amortisation or impairments) to 7.3 per cent would result in an impairment of the intangible assets allocated to the Infobolsa CGU. As at 31 December 2014 the recoverable amount exceeds the carrying amount by €4.9 million.

Cash-generating unit Börse Frankfurt Zertifikate

Goodwill from the business combination with Scoach Holding S.A. and Scoach Europa AG (€4.6 million) is allocated to the Börse Frankfurt Zertifikate CGU in the Xetra segment. Other intangible assets of Börse Frankfurt Zertifikate AG, including the exchange licence (indefinite useful life), are also tested for impairment.

The recoverable amount is determined on the basis of fair value less costs of disposal, applying the discounted cash flow method. Cash flows are planned over a five-year period (2015 to 2019). The CAGR in this period is 2.0 per cent for net revenue and 6.5 per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated, assuming a perpetual annuity with a growth rate of 2.0 per cent (2013: 2.0 per cent). The after-tax discount rate used is 13.6 per cent (2013: 13.5 per cent).

An increase in the CAGR within the detailed planning period in operating costs (less depreciation, amortisation or impairments) to 8.9 per cent would result in an impairment of the intangible assets (including goodwill) allocated to the Börse Frankfurt Zertifikate CGU. As at 31 December 2014 the recoverable amount exceeds the carrying amount by €7.0 million.

Other intangible assets

Other intangible assets are divided into the following categories:

Changes in other intangible assets by category

	Exchange licences	Trade names	Member and customer relationships	Miscellaneous intangible assets	Total
	€m	€m	€m	€m	€m
Balance as at 1 Jan 2014	**108.3**	**422.9**	**319.0**	**1.9**	**852.1**
Acquisitions through business combinations	0.3	5.8	85.8	6.0	97.9
Additions	0	0	0	0	0
Amortisation	0	(0.8)	(20.3)	(0.8)	(21.9)
Exchange rate differences	14.3	0.4	37.5	0.2	52.4
Balance as at 31 Dec 2014	**122.9**	**428.3**	**422.0**	**7.3**	**980.5**

Other intangible assets result mainly from business combinations. The following table provides an overview of the main items and the assignment to the respective acquisition:

Changes in other intangible assets by business combinations

	STOXX	ISE	EEX	CGSS	Miscellaneous	Total
	€m	€m	€m	€m	€m	€m
Balance as at 1 Jan 2014	**445.0**	**402.1**	**0**	**0**	**5.0**	**852.1**
Acquisitions through business combinations	0	0	75.9	22.0	0	97.9
Additions	0	0	0	0	0	0
Amortisation	(3.4)	(13.5)	(4.0)	(0.4)	(0.6)	(21.9)
Exchange rate differences	0	52.3	0	0	0.1	52.4
Balance as at 31 Dec 2014	**441.6**	**440.9**	**71.9**	**21.6**	**4.5**	**980.5**

11. Intangible assets (Continued)

Other intangible assets with an indefinite useful life are tested for impairment at least once a year. If the assets do not generate any cash inflows that are largely independent of those generated by other assets, the recoverable amount is determined for the CGU to which the asset is allocated. The information provided in the "goodwill" section applies similarly to the principles for determining recoverable amount and to the sensitivities.

The discount rate is based on a risk-free rate of between 1.2 and 2.5 per cent (2013: 2.5 and 3.5 per cent) and a market risk premium of 6.5 per cent (2013: 6.5 per cent). It is used to calculate individual discount rates for each CGU that reflect beta factors, cost of debt and capital structure of the peer groups concerned.

Other intangible assets: ISE

ISE's other intangible assets are tested for impairment at the end of the year including ISE's exchange licence (indefinite useful life). The carrying amount of the exchange licence amounts to €122.4 million (2013: €108.1 million) as at the balance sheet date and includes an exchange rate difference of €14.3 million in 2014. Since the exchange licence does not generate any cash inflows that are largely independent of those generated by other assets, the impairment test is performed on the basis of the ISE cash-generating unit in the Eurex segment.

The recoverable amount is determined on the basis of value in use, applying the discounted cash flow method. Cash flows are planned over a five-year period (2015 to 2019). The CAGR in this period is 1.1 per cent for net revenue and (0.2) per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated, assuming a perpetual annuity with a growth rate of 2.5 per cent (2013: 2.5 per cent). The pre-tax discount rate used is 15.3 per cent (2013: 18.0 per cent).

A decrease in the CAGR within the detailed planning period in net revenue to (0.2) per cent or a decrease in the annual growth rate of the perpetual annuity of 1.3 per cent would result in an impairment of the intangible assets allocated to the ISE cash-generating unit. As at 31 December 2014, the recoverable amount exceeds the carrying amount by €47.8 million.

Other intangible assets: STOXX

Other intangible assets of STOXX Ltd., including the STOXX trade name (indefinite useful life), are tested for impairment on a yearly basis. The carrying amount of the trade name amounted to €420.0 million (2013: €420.0 million) as at 31 December 2014. Since the trade name does not generate any separate cash inflows that are largely independent of those generated by other assets, the impairment test is performed on the basis of the STOXX cash-generating unit in the MD+S segment.

Recoverable amount is determined on the basis of fair value less costs of disposal. The impairment test was based on fair value less costs of disposal. Cash flows are projected over a five-year period (2015 to 2019). The CAGR in this period is 6.6 per cent for net revenue and 8.5 per cent for operating costs (less depreciation, amortisation and impairment losses). Cash flow projections beyond 2019 are extrapolated, assuming a perpetual annuity with a growth rate of 2.0 per cent (2013: 2.0 per cent). The after-tax discount rate amounts to 10.0 per cent (2013: 10.8 per cent).

Even in the case of a reasonably possible change of the applied parameters, no impairment charge would have to be recognised for the STOXX cash-generating unit.

Other intangible assets: EEX

In the course of the business combination with European Energy AG and its subsidiaries as at 1 January 2014, Deutsche Börse Group acquired goodwill, as well as other intangible assets. These assets primarily include customer relationships with a carrying amount of €69.8 million as at the acquisition date, as well as certain trade names registered by the EEX group and an exchange licence. Since the exchange licence does not have a finite term, it is assumed that its useful life is indefinite. Likewise, indefinite useful lives are assumed for the trade names, because these umbrella brands are well known and the intention is to

11. Intangible assets (Continued)

continue using them as part of future operating activities. A total useful life of 16 years is assumed for the customer relationships.

EEX's other intangible assets are tested for impairment at the end of the year. The carrying amount of the exchange licence was €0.3 million as at the balance sheet date and the carrying amount of the trade names was €5.8 million as at the same date. Since the exchange licence and the trade names do not generate any cash inflows that are largely independent of those generated by other assets, the impairment test is performed on the basis of the EEX cash-generating unit in the Eurex segment. This test corresponds to the goodwill impairment test; see the information provided in the "goodwill" section.

Other intangible assets: Börse Frankfurt Zertifikate

Other intangible assets of Börse Frankfurt Zertifikate AG, including the exchange licence (indefinite useful life), are tested for impairment on a yearly basis. The carrying amount of the exchange licence amounted to €0.2 million as at 31 December 2014 (2013: €0.2 million).

Since the exchange licence does not generate any cash inflows that are largely independent of those generated by other assets, the impairment test is performed on the basis of the Börse Frankfurt Zertifikate CGU in the Xetra segment. This test corresponds to the goodwill impairment test; see the information provided in the "goodwill" section.

Other intangible assets: Clearstream Global Securities Services

In the course of the business combination with Clearstream Global Securities Services Limited as at 3 October 2014, Deutsche Börse Group acquired goodwill as well as other intangible assets. These assets primarily include customer relationships with a carrying amount of €16.0 million as at the acquisition date as well as a database with a carrying amount of €6.0 million. A useful life of 20 years has been assumed for the customer relationship and a useful life of eight years for the database.

12. Property, plant and equipment

Property, plant and equipment

	Fixtures and fittings	Computer hardware, operating and office equipment	Payments on account and construction in progress	Total
	€m	€m	€m	€m
Historical costs as at 1 Jan 2013	**78.5**	**329.8**	**1.7**	**410.0**
Additions	3.5	25.0	0.1	28.6
Disposals	(2.0)	(28.4)	0	(30.4)
Reclassifications	(1.8)	3.4	(1.6)	0
Exchange rate differences	(0.9)	(1.3)	(0.1)	(2.3)
Historical costs as at 31 Dec 2013	**77.3**	**328.5**	**0.1**	**405.9**
Acquisitions through business combinations	0.5	2.0	0	2.5
Additions	4.6	24.9	1.1	30.6
Disposals	(4.4)	(35.8)	0	(40.2)
Reclassifications	0	0	0	0
Exchange rate differences	1.9	2.8	0	4.7
Historical costs as at 31 Dec 2014	**79.9**	**322.4**	**1.2**	**403.5**
Depreciation and impairment losses as at 1 Jan 2013	**34.9**	**246.9**	**0**	**281.8**
Amortisation	8.7	39.7	0	48.4
Disposals	(2.0)	(28.3)	0	(30.3)
Reclassifications	(1.1)	1.1	0	0
Exchange rate differences	(0.5)	(0.8)	0	(1.3)
Depreciation and impairment losses as at 1 Dec 2013	**40.0**	**258.6**	**0**	**298.6**
Amortisation	5.5	34.3	0	39.8
Disposals	(4.3)	(34.9)	0	(39.2)
Exchange rate differences	1.3	2.1	0	3.4
Depreciation and impairment losses as at 31 Dec 2014	**42.5**	**260.1**	**0**	**302.6**
Carrying amount as at 31 Dec 2013	37.3	69.9	0.1	107.3
Carrying amount as at 31 Dec 2014	**37.4**	**62.3**	**1.2**	**100.9**

13. Financial investments

Financial assets

	Investments in associates and joint ventures	Other equity investments	Receivables and securities from banking business	Other financial instruments and loans
	€m	€m	€m	€m
Historical cost as at 1 Jan 2013	**182.5**	**57.2**	**1,487.0**	**27.3**
Additions	34.8	0.3	8.5	6.0
Disposals	0	0	(8.1)	(3.0)
Addition/(reversal) premium/discount	0	0	(0.3)	0
Reclassifications	(48.9)	(0.2)	(310.7)[1]	0
Exchange rate differences	(1.4)	(0.7)	(0.4)	(0.8)
Historical cost as at 31 Dec 2013	**167.0**	**56.6**	**1,176.0**	**29.5**
Acquisitions through business combinations	(53.0)	0.2	0	0
Additions	13.6	70.0	328.6	4.8
Disposals	(1.8)	0	0	(6.2)
Addition/(reversal) premium/discount	0	0	(0.6)	0
Reclassifications	(14.5)	12.6	(202.1)[1]	0
Exchange rate differences	0.6	8.1	0	1.4
Historical cost as at 31 Dec 2014	**111.9**	**147.5**	**1,301.9**	**29.5**
Revaluation as at 1 Jan 2013	**22.3**	**(30.5)**	**(2.0)**	**(5.7)**
Disposals of impairment losses	0	0	0.6	0
Dividends	(10.9)	0	0	0
Net income from equity method measurement	6.6	0	0	0
Currency translation differences recognised directly in equity	(0.3)	0.6	0	0
Currency translation differences recognised in profit or loss	0	0	0	(0.1)
Other fair value changes recognised directly in equity	0	(1.2)	0	0
Other fair value changes recognised in profit or loss	0	0	0	0
Market price changes recognised directly in equity	(0.4)	0	4.5	1.3
Market price changes recognised in profit or loss	0	(1.6)	(0.8)	1.0
Reclassifications	(0.9)	0	0	0
Revaluation as at 31 Dec 2013	**16.4**	**(32.7)**	**2.3**	**(3.5)**
Acquisitions through business combinations	(28.1)	0	0	0
Disposals of impairment losses	(0.3)	0	0	0
Dividends	(7.4)	0	0	0
Net income from equity method measurement	4.6	0	0	0
Currency translation differences recognised directly in equity	0	4.7	0	0.1
Currency translation differences recognised in profit or loss	(0.2)	0	0	0
Other fair value changes recognised directly in equity	(1.3)	1.0	0	0
Other fair value changes recognised in profit or loss	10.6	46.3	0	0
Market price changes recognised directly in equity	0	0	0.9	0.2
Market price changes recognised in profit or loss	(3.9)	0	0	(0.1)
Reclassifications	1.9	0	(0.1)[1]	0
Revaluation as at 31 Dec 2014	**(7.7)**	**19.3**	**3.1**	**(3.3)**
Carrying amount as at 31 Dec 2013	183.4	23.9	1,178.3	26.0
Carrying amount as at 31 Dec 2014	**104.2**	**166.8**	**1,305.0**	**26.2**

(1) Reclassified as current receivables and securities from banking business

13. Financial investments (Continued)

The investments in associates and joint ventures include interests in associates with a carrying amount of €102.2 million (2013: €183.4 million) and interests in joint ventures with a carrying amount of €2.0 million (2013: nil). In financial year 2014, proportionate losses with an amount of €0.5 million (2013: nil) for associates accounted for using the equity method were not recognised. The unrecognised losses totalled €1.6 million.

Direct Edge Holdings, LLC merged with BATS Global Markets, Inc. on 31 January 2014. Since then, the shares of BATS Global Markets, Inc. have been classified as available for sale and reported under the "other equity investments" item. In the previous year, shares of Direct Edge Holdings, LLC were held under "non-current assets held for sale" (€35.6 million) and "investments in associates" (€15.5 million).

As in the previous year, "other financial instruments and loans" include securities with a fair value of €5.0 million pledged to the Industrie- und Handelskammer (IHK, the Chamber of Commerce) Frankfurt.

In connection with taking control over European Energy Exchange AG as from 1 January 2014, the shares, which had been held under shares in associates until 31 December 2013, were remeasured and the resulting effect of €10.6 million is recognised in the result from equity investments.

For details on revaluations and market price changes recognised directly in equity, also see note 20. Other equity investments include available-for-sale shares.

In the year under review, impairment losses amounting to €3.9 million (2013: €1.6 million) were recognised in the income statement. These impairment losses relate to unlisted equity instruments. See note 8 for further details.

Composition of receivables and securities from banking business

	31 Dec 2014	31 Dec 2013
	€m	€m
Fixed-income securities		
from regional or local public bodies	209.3	149.7
other public bodies	607.9	537.2
from multilateral banks	487.8	471.3
from other credit institutions	0	20.1
Total	**1,305.0**	**1,178.3**

Securities from banking business include financial instruments listed on a stock exchange amounting to €1,305.0 million (2013: €1,178.3 million).

14. Derivatives and hedges

Deutsche Börse Group generally uses derivative financial instruments to hedge existing or highly probable forecast transactions. The derivatives are included in the positions "receivables from banking business", "liabilities from banking business" and "other current liabilities".

Derivatives (fair value)

		Assets			Liabilities	
	Note	31 Dec 2014	31 Dec 2013	Note	31 Dec 2014	31 Dec 2013
		€m	€m		€m	€m
Derivatives held for trading						
short-term	16	34.4	0	28, 30	(6.4)	(22.6)
Total		**34.4**	**0**		**(6.4)**	**(22.6)**

14. Derivatives and hedges (Continued)

Fair value hedges

No financial instruments designated as fair value hedges had been outstanding as at 31 December 2014 and 2013.

Cash flow hedges

In 2013, some debt instruments issued by Deutsche Börse AG matured. In order to partially hedge the refinancing needs of 2013, a forward interest rate payer swap and a payer swaption were used in 2010 to (conditionally) lock in prevailing (forward) interest rate levels which were judged to be attractive. The swaption expired in 2013. The swap had been settled by close out payment of €14.2 million. The amount recognised within revaluation surplus is reversed over the original term of the debt instrument issued in 2013. In 2014, no cash flow hedges had been designated.

Development of cash flow hedges

	2014	2013
	€m	€m
Cash flow hedges as at 1 January	0	(14.2)
Amount recognised in equity during the year	0	0.7
Amount recognised in profit or loss during the year	0	0
Ineffective hedge portion recognised in profit or loss	0	(0.2)
Closing	0	14.2
Realised losses	0	(0.5)
Cash flow hedges as at 31 December	**0**	**0**

Hedges of a net investment

In connection with the private placements in the USA, the bonds of the series A to C were designated as hedges against currency risk arising from the translation of the foreign functional currency US dollar into euro in order to hedge the net investment in the ISE subgroup.

Composition of private placements

		Equivalent			Term	
Type	Issue volume	31 Dec 2014	31 Dec 2013	as at emission	from	until
	US$m	€m	€m	€m		
Series A	170.0	139.8	123.5	110.2	12 June 2008	10 June 2015
Series B	220.0	181.0	159.8	142.7	12 June 2008	10 June 2018
Series C	70.0	57.6	50.8	45.4	12 June 2008	10 June 2020
Total	**460.0**	**378.4**	**334.1**	**298.3**		

As the bonds of series A will mature in 2015, they are shown under "other current liabilities" whereas the bonds of series B and C are included in "interest bearing liabilities".

Effective exchange rate differences from the private placements are reported in the balance sheet item "accumulated profit", as are exchange rate differences from the translation of foreign subsidiaries. €79.9 million (2013: €35.5 million) has been recognised cumulatively in this item directly in equity. There was no ineffective portion of the net investment hedges in 2014 and 2013.

Derivatives held for trading

Foreign exchange swaps as at 31 December 2014 expiring in less than three months with a notional value of €1,764.4 million (2013: €2,285.9 million) had a negative fair value of €0.5 million and a positive fair value amounting to €34.4 million (2013: negative fair value of €16.5 million). These swaps were entered into to

14. Derivatives and hedges (Continued)

convert foreign currencies received through the issue of commercial paper by the banking business into euros, and to hedge short-term foreign currency receivables and liabilities in euros economically. These are reported under "current receivables and securities from banking business" and "liabilities from banking business" in the balance sheet (see also notes 16 and 28).

Outstanding positions derivatives transactions

		Foreign exchange swaps	
		31 Dec 2014	31 Dec 2013
Number		28	30
Notional amount	€m	1,764.4	2,285.9
Positive fair value	€m	34.4	0
Negative fair value	€m	(0.5)	(16.5)

Eurex Clearing AG has awarded a grant to some customers. The repayment of that grant will be contingent on the satisfaction of certain criteria. Eurex Clearing AG has recognised embedded derivatives separately from the host contract. The derivatives amounting to €5.9 million (2013: €6.1 million) have been classified as held for trading and are shown under "other current liabilities".

15. Financial instruments of the central counterparties

Composition of financial instruments of central counterparties

	31 Dec 2014	31 Dec 2013
	€m	€m
Repo transactions	156,856.7	147,924.7
Options	19,114.4	9,583.2
Others	165.7	97.5
Total	**176,136.8**	**157,605.4**
thereof non-current	5,885.8	4,058.6
thereof current	170,251.0	153,546.8

As of 31 December 2014, the aggregate financial instruments of the central counterparties also include positions from transactions cleared by European Commodity Clearing AG. They are classified into current and non-current in the balance sheet. Receivables and liabilities that may be offset against a clearing member are reported on a net basis. Financial liabilities of €1,249.1 million (2013: €500.0 million) have been eliminated because of intra-Group GC Pooling transactions.

The following table gives an overview of the effects of offsetting the financial instruments of the central counterparties:

Gross presentation of offsetted financial instruments of central counterparties(1)

	Gross amount of financial instruments		Gross amount of netted financial instruments		Net amount of financial instruments	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	€m	€m	€m	€m	€m	€m
Financial assets from repo transactions	178,686.9	176,803.4	(21,830.2)	(28,878.7)	156,856.7	147,924.7
Financial liabilities from repo transactions	(177,437.8)	(176,303.4)	21,830.2	28,878.7	(155,607.6)	(147,424.7)
Financial assets from options	64,056.8	14,605.6	(44,942.4)	(5,022.4)	19,114.4	9,583.2
Financial liabilities from options	(64,056.8)	(14,605.6)	44,942.4	5,022.4	(19,114.4)	(9,583.2)

(1) The collateral deposited by clearing members cannot be attributed directly to the individual transactions. For information on the composition of Eurex Clearing AG's collateral, see note 36.

16. Current receivables and securities from banking business

In addition to non-current receivables and securities from banking business that are classified as non-current financial assets (see note 13), the following receivables and securities from banking business, attributable solely to the Clearstream subgroup, were classified as current assets as at 31 December 2014.

Composition of current receivables and securities from banking business

	31 Dec 2014	31 Dec 2013
	€m	€m
Loans to banks and customers		
Reverse repurchase agreements	6,952.4	6,708.7
Balances on nostro accounts	357.2	991.3
Money market lendings	1,967.1	1,044.0
Overdrafts from settlement business	338.5	487.0
	9,615.2	**9,231.0**
Available-for-sale debt instruments	655.9	310.6
Interest receivables	1.6	2.4
Forward foreign exchange transactions[1]	34.4	0
Total	**10,307.1**	**9,544.0**

(1) See note 14.

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. Potential concentrations of credit risk are monitored against counterparty credit limits (see note 36).

Remaining maturity of loans to banks and customers

	31 Dec 2014	31 Dec 2013
	€m	€m
Not more than 3 months	9,615.2	9,231.0
Total	**9,615.2**	**9,231.0**

All of the securities held as at 31 December 2014 and 2013 were listed and issued by sovereign or sovereign-guaranteed issuers.

Remaining maturity of available-for-sale debt instruments

	31 Dec 2014	31 Dec 2013
	€m	€m
Not more than 3 months	418.8	75.9
3 months to 1 year	237.1	234.7
Total	**655.9**	**310.6**

17. Development of allowance against trade receivables

As in the previous year, there were no trade receivables due after more than one year as at 31 December 2014.

17. Development of allowance against trade receivables (Continued)

Allowance account

	€m
Balance as at 1 Jan 2013	**8.1**
Additions	2.5
Acquisitions through business combinations	0
Utilisation	(0.1)
Reversal	(0.9)
Balance as at 31 Dec 2013	**9.6**
Additions	2.4
Acquisitions through business combinations	0.1
Utilisation	(0.1)
Reversal	(4.1)
Balance as at 31 Dec 2014	**7.9**

In the current year, irrecoverable receivables of €2.3 million (2013: €0.2 million) were written off. Provisions against doubtful debts had not been recognised for these receivables.

18. Other current assets

Composition of other current assets

	31 Dec 2014 €m	31 Dec 2013 €m
Other receivables from CCP transactions	464.5	181.5
Tax receivables (excluding income taxes)	42.6	49.9
Prepaid expenses	24.9	23.7
Receivables from insurance companies	8.8	2.3
Incentive programme	3.5	4.0
Guarantees and deposits	1.7	0.7
Vendors with a debit balance	1.1	5.9
Miscellaneous	7.2	5.7
Total	**554.3**	**273.7**

19. Restricted bank balances

Amounts reported separately under liabilities as cash deposits by market participants are restricted. Such amounts are mainly invested via bilateral or triparty reverse repurchase agreements and in the form of overnight deposits at banks (restricted bank balances). Government or government-guaranteed bonds, mortgage bonds and bank bonds with an external rating of at least AA− are accepted as collateral for the reverse repurchase agreements. Restricted bank balances reported total €22,283.5 million (2013: €16,221.7 million).

20. Equity

Changes in equity are presented in the consolidated statement of changes in equity. As at 31 December 2014, the number of no-par value registered shares of Deutsche Börse AG issued was 193,000,000

20. Equity (Continued)

(31 December 2013: 193,000,000). Subject to the agreement of the Supervisory Board, the Executive Board is authorised to increase the subscribed share capital by the following amounts:

Composition of authorised share capital

	Amount in €	Date of authorisation by theshareholders	Expiry date	Existing shareholders' pre-emptive rights may be disapplied forfractioning and/or may be disapplied if the share issue is:
Authorised share capital I	5,200,000	12 May 2011	11 May 2016	• against non-cash contributions for the purpose of acquiring companies, parts of companies, or interests in companies, or other assets.
Authorised share capital II	27,800,000	27 May 2010	26 May 2015	• for cash at an issue price not significantly lower than the stock exchange price up to a maximum amount of 10 per cent of the nominal capital to issue new shares. • to employees of the company or affiliated companies with the meaning of sections 15ff. of the Aktiengesetz (AktG, German Stock Corporation Act), with the pro rata amount of the share capital not allowed to exceed €3 million. • against non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, orother assets.
Authorised share capital III	19,500,000	27 May 2010	26 May 2015	n.a.
Authorised sharecapital IV	6,000,000	16 May 2012	15 May 2017	• for the issuance of up to 900,000 new shares per year to Executive Board members and employees of the companyas well as to the management and employees of affiliated companies within the meaning of sections 15ff. of the AktG.

Contingent capital

In accordance with the resolution by the Annual General Meeting on 15 May 2014, the Executive Board was authorised, subject to the approval of the Supervisory Board, to issue on one or more occasions in the period up to 14 May 2019 convertible bonds and/or bonds with warrants or a combination of such instruments in a total nominal amount of up to €2,500,000,000 with or without maturity restrictions, and to grant the holders or creditors of these bonds conversion or option rights to new no-par value re-gistered shares of Deutsche Börse AG with a proportionate interest in the share capital totalling up to €19,300,000 as specified in more detail in the terms and conditions of the convertible bonds or in the terms and conditions of the warrants attaching to the bonds with warrants.

The Executive Board is authorised, subject to the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights to bonds with conversion or option rights to shares of Deutsche Börse AG in the following cases: (i) to eliminate fractions, (ii) if the issue price of a bond does not fall materially short of the theoretical fair value determined in accordance with recognised financial techniques and the total number of shares attributable to these bonds does not exceed 10 per cent of the share capital, (iii) to

20. Equity (Continued)

grant the holders of conversion or option rights to shares of Deutsche Börse AG options as compensation for dilutive effects to the same extent as they would be entitled to receive after exercising these rights.

The bonds may also be issued by companies based in Germany or abroad that are affiliated with Deutsche Börse AG within the meaning of sections 15ff. of the Aktiengesetz (AktG, German Stock Corporation Act). Accordingly, the share capital was contingently increased by up to €19,300,000 (contingent capital 2014). To date, the authorisation to issue convertible bonds and/or bonds with warrants has not been exercised.

There were no further subscription rights for shares as at 31 December 2014 or 31 December 2013.

Revaluation surplus

The revaluation surplus results from the revaluation of securities and other current and non-current financial instruments at their fair value less deferred taxes. This item also includes reserves from an existing investment in an associate, which were recognised in connection with the acquisition of further shares, as the company was fully consolidated as of this date. Actuarial gains and losses for defined benefit obligations are also directly recognised in revaluation surplus.

Revaluation surplus

	Recognition of hidden reserves from fair value measurement	Other equity investments (financial assets)	Securities from banking business (financial assets)	Other financial instruments (financial assets)	Current securities from banking business	Cash flow hedges	Defined benefit obligations	Total
	€m	€m	€m	€m	€m	€m	€m	€m
Balance as at 1 Jan 2013 (gross)	**103.7**	**1.9**	**(1.7)**	**(0.4)**	**0.1**	**(13.6)**	**(107.8)**	**(17.8)**
Changes from defined benefit obligations	0	0	0	0	0	0	14.2	14.2
Fair value measurement	0	(1.2)	4.5	1.3	(0.2)	0.7	0	5.1
Reversal to profit or loss	0	0	0	0	0	1.2	0	1.2
Balance as at 31 Dec 2013 (gross)	**103.7**	**0.7**	**2.8**	**0.9**	**(0.1)**	**(11.7)**	**(93.6)**	**2.7**
Changes from defined benefit obligations	0	0	0	0	0	0	(66.1)	(66.1)
Fair value measurement	0	1.0	0.9	0.2	(0.2)	0	0	1.9
Reclassifications	0	0	(0.2)	0	0.2	0	0	0
Reversal to profit or loss	0	0	0	0	0	2.7	0	2.7
Balance as at 31 Dec 2014 (gross)	**103.7**	**1.7**	**3.5**	**1.1**	**(0.1)**	**(9.0)**	**(159.7)**	**(58.8)**
Deferred taxes								
Balance as at 1 Jan 2013	**0**	**(0.5)**	**0.3**	**0**	**(0.1)**	**3.6**	**28.8**	**32.1**
Additions	0	0.2	0	0	0.1	0	0	0.3
Reversals	0	0	(1.4)	0	0	(0.5)	(3.8)	(5.7)
Balance as at 31 Dec 2013	**0**	**(0.3)**	**(1.1)**	**0**	**0**	**3.1**	**25.0**	**26.7**
Additions	0	0	0	0	0	0	17.6	17.6
Reversals	0	(0.2)	(0.2)	(0.3)	0	(0.7)	0	(1.4)
Balance as at 31 Dec 2014	**0**	**(0.5)**	**(1.3)**	**(0.3)**	**0**	**2.4**	**42.6**	**42.9**
Balance as at 1 Jan 2013 (net)	**103.7**	**1.4**	**(1.4)**	**(0.4)**	**0**	**(10.0)**	**(79.0)**	**14.3**
Balance as at 31 Dec 2013 (net)	**103.7**	**0.4**	**1.7**	**0.9**	**(0.1)**	**(8.6)**	**(68.6)**	**29.4**
Balance as at 31 Dec 2014 (net)	**103.7**	**1.2**	**2.2**	**0.8**	**(0.1)**	**(6.6)**	**(117.1)**	**(15.9)**

Accumulated profit

The "accumulated profit" item includes exchange rate differences amounting to €166.9 million (2013: €39.4 million). €171.8 million was added due to currency translation for foreign subsidiaries in the year under review (2013: withdrawal of €57.4 million) and €44.3 million was withdrawn relating to a net investment hedge that was used to hedge the net investment in ISE against currency risk (2013: additions of €14.5 million).

Regulatory capital requirements and regulatory capital ratios

As in the past, Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG, in their capacity as credit institutions, are subject to solvency supervision by the German or Luxembourg banking

20. Equity (Continued)

supervisory authorities (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin, and Commission de Surveillance du Secteur Financier, CSSF, respectively). The same applies to the Clearstream Holding group at the level of the supervisory group.

Following the consolidation of European Commodity Clearing AG as at 1 January 2014, a further Group company, in its capacity as a credit institution under German law, was subject to solvency supervision by the German banking supervisory authorities in the year under review.

Following the authorisation of both Eurex Clearing AG (10 April 2014) and European Commodity Clearing AG (12 June 2014) as central counterparties under the provisions of Regulation (EU) No 648/2012 (EMIR), these companies are now also subject to the capital requirements under Article 16 of EMIR. Due to further authorisations in accordance with the Kreditwesengesetz (KWG, German Banking Act), these requirements apply to Eurex Clearing AG in addition to the existing regulations for own funds requirements, and the higher requirement has to be met in each case; for European Commodity Clearing AG, on the other hand, the EMIR requirements replace the existing requirements. However, since the EMIR authorisation applies throughout the EU, Eurex Clearing AG lost its status as a Recognised Overseas Clearing House (ROCH) in the United Kingdom and the associated capital requirement ceased to apply.

The EMIR capital requirements for central counterparties are in large part based on the EU own funds requirements for credit institutions (see below), but the detail differs both in relation to the capital components and the capital requirement components and capital deduction items. Moreover, EMIR does not specify any capital buffers such as those introduced by CRD IV/CRR for banks.

Since 1 January 2014, the capital requirements for credit institutions have been primarily subject to the EU-wide requirements of Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) as well as the supplementary national regulations implementing the EU Capital Requirements Direc-tive 2013/36/EU (CRD IV), which implemented the so-called Basel III regulations into European law.

Article 4 (3) of the CRR provides that, in principle, these requirements also apply to certain investment firms. The way these provisions are formulated means that, in principle, the Group's operators of a multilateral trading system—Eurex Repo GmbH and Eurex Bonds GmbH—are, as investment firms, also subject to the (limited) application of the CRR. However, because of their business and the scope of the authorisation, only certain requirements apply to them. In Germany, yet, the KWG prohibited the application of these requirements until the Finanzmarktanpassungsgesetz (German Financial Market Legislation Amendments Act) entered into force. Since 1 August 2014, the above-mentioned companies have been subject to the limited and specific capital adequacy requirements in accordance with Article 95 of the CRR.

All companies that are subject to the CRR capital requirements are non-trading-book institutions. Market price risk positions consist only of a relatively small open foreign currency position. The companies concerned uniformly apply the standardised approach for credit risk. As a result of the specific business of the credit institutions belonging to the Group, their recognised assets are subject to sharp fluctuations. This leads to correspondingly volatile solvency ratios at the Clearstream companies. The volatility of the ratio is subject to major fluctuations on a day-to-day basis in the course of the year. Due to a high degree of collateralised or zero-weighted cash investments, the capital requirements for credit and market price risks of Eurex Clearing AG and European Commodity Clearing AG are relatively stable despite volatile total assets in the course of the year. The changes in the regulatory framework for banks (Basel III, Dodd-Frank Act, EMIR) led to a significant increase in the cash collateral deposited by clearing participants of Eurex Clearing AG in 2014, amid sharp fluctuations. In combination with volatile markets and the regulation-induced segregation of client collateral from the clearing participants' own collateral, this led to greater fluctuation in capital requirements for credit risk at Eurex Clearing AG.

To calculate the operational risk charge, Eurex Clearing AG and European Commodity Clearing AG use the basic indicator approach, while the Clearstream companies apply the advanced measurement approach (AMA).

20. Equity (Continued)

Due to the specific arrangements for the two investment firms, Eurex Repo GmbH and Eurex Bonds GmbH, no explicit own funds requirements for operational risk are determined in accordance with Article 95 of the CRR. Instead, the total own funds requirement is determined on the basis of the higher capital requirement amount for credit and market price risk on the one hand and 25 per cent of fixed overheads on the other. Since the credit and market price risks are low, the relevant criterion for both companies is the capital requirement on the basis of fixed costs.

Since the profit participation rights issued by Clearstream Banking S.A. in the past were converted into share capital and reserves in 2014, none of the Group companies subject to solvency supervision has material Tier 2 regulatory capital.

A minimum solvency ratio of 8 per cent applies in principle to the credit institutions subject to the CRR. All credit institutions and groups currently regulated under the CRR (Clearstream Banking S.A., Clearstream Banking AG, the Clearstream Holding group and Eurex Clearing AG) have been designated as systemically important. As a result, CSSF increased the minimum own funds requirements for Clearstream Banking S.A. to a core Tier 1 ratio of 9 per cent in 2013. Since 2014, CSSF has imposed a standard capital conservation buffer of 2.5 per cent of common equity on all Luxembourgian credit institutions; this arrangement represents a departure from the transitional provisions of CRD IV. This means that the minimum solvency ratio is 10.5 per cent. In return, the previous higher core Tier 1 ratio no longer applies to Clearstream Banking S.A. CRD IV introduced various capital buffers, which the supervised (credit) institutions generally have to meet over and above the minimum solvency ratio of 8 per cent, although they may temporarily fall below these levels. These buffers are being introduced in stages, depending on the economic environment and systemic risk components. Apart from the buffer imposed by CSSF on all Luxembourgian credit institutions, the Group's regulated companies were not subject to any CRD IV capital buffers in 2014.

The individual companies' capital resources sufficiently reflect the fluctuation in risk-weighted assets. Stress considerations are used to determine the capital required for expected peaks and additional reserves for unexpected events are added. In addition, buffers are taken into account that cover the recovery indicators specified in the recovery plans and thus prevent recovery scenarios from being triggered even for peak own funds and capital requirements. The own funds and capital requirements determined in this way will be met on the basis of medium-term capital planning. As the actual own funds and capital requirements are below the expected peaks—significantly so under normal circumstances—this may lead to a very high solvency ratio or EMIR capital cover, especially at the closing date.

The capital requirements of the Clearstream companies rose slightly in the year under review. This was mainly driven by further increases in capital requirements for operational risk combined with simultaneously lowered capital requirements for credit and market price risk. The increased capital requirements for operational risk are in turn largely the result of annually updated risk scenarios and, in particular, further refinements of the risk scenarios for legal and compliance risks, which reflect the increased exposure in this area in the banking sector. Moreover, the updated risk allocation led to increased capital requirements for operational risk at Clearstream Banking AG, while the corresponding capital charge at Clearstream Banking S.A. has declined slightly. As a result of regulatory changes (introduction of the liquidity coverage ratio as well as amended large exposure rules), Clearstream Banking AG's euro- and US dollar-denominated cash investment receivables from Clearstream Banking S.A. are largely invested on a collateralised basis. This has led to a significant reduction in capital requirements for credit risk at Clearstream Banking AG. Due to closing date effects, customer balances, especially those denominated in US dollars and euros, declined significantly compared with the end of 2012, resulting in lower balances on the nostro accounts and consequently lower capital requirements for credit risk.

The Clearstream Holding group already responded to the increased own funds requirements in the past by launching a programme to strengthen its capital base; this programme continued in 2014. Further measures are planned for the coming years in the context of medium-term capital planning. In 2014, the Group's capital base was boosted by retaining profits, especially at Clearstream Banking S.A. and Clearstream International S.A. The capital base of Clearstream Banking S.A. was strengthened by converting the existing profit participation capital into share capital and reserves and by making further

20. Equity (Continued)

additional contributions to reserves. In 2014, the acquisition of Citco's hedge fund settlement business had a negative impact on the capital base of both the Group and Clearstream Banking S.A. because large amounts of intangible assets were acquired in the process. The capital base of Clearstream Banking AG was increased through contributions to reserves. In spite of the increased capital requirements, these capitalisation measures currently ensure solvency ratios of more than 20 per cent.

In the medium to long term, the Clearstream Holding group expects a moderate increase in own funds requirements to arise at supervisory group level from the CRD IV capital buffers, which are being increased in stages, the designation as systemically important institutions and the future CSD regulation. The following factors may lead to additional capital requirements in the future:

- the ongoing debate about the capital requirements of systemically important institutions (banks and financial market infrastructures)
- the introduction of minimum requirements for equity and eligible liabilities (MREL) as a result of Directive 2014/59/EU—Banking Recovery and Resolution Directive (BRRD)—and its German implementation via the Sanierungs- und Abwicklungsgesetz (SAG, German Recovery and Resolution Act), which entered into force on 1 January 2015 and refers to this concept as "Mindestbeitrag berücksichtigungsfähiger Verbindlichkeiten" (minimum requirement for eligible liabilities), and the implementation of a comparable international concept, total loss absorbance capacity (TLAC), of the Financial Stability Board.

Eurex Clearing AG's own funds requirements rose only slightly compared with the previous year, mainly as a result of a slight structural increase in own funds requirements for credit and market price risk and a slight reduction in own funds requirements in relation to operational risk.

Eurex Clearing AG's internal risk model assumes higher capital requirements for operational risk than does the accounting-based basic indicator approach in accordance with regulatory requirements. For this reason, Eurex Clearing AG has always maintained a capital buffer for these types of risk over and above the minimum regulatory requirements. In light of this, the banking supervisory authorities encouraged Eurex Clearing AG in 2011 to expand the basis for calculating its regulatory capital requirements to include an adequate clearing portion of the fees collected for the account of the operating companies. The capital requirements for operational risk are calculated once a year on the basis of a three-year average of historical income, including the assumed clearing fees, and are therefore not subject to daily fluctuations. Compliance with the minimum supervisory ratio is maintained at all times due to the sufficient capital buffer for uncollateralised cash investments.

Eurex Clearing AG increased its capital base significantly in 2013/2014 in anticipation of the EMIR authorisation and added another €40 million after the authorisation had been granted. For this reason, Eurex Clearing AG does not currently expect the CRD IV capital buffers to have any material impact on its capital requirements. Independently of this, the capital resources of Eurex Clearing AG are reviewed on an ongoing basis and monitored as part of medium-term capital planning. Further gradual contributions to capital are planned for the coming years.

Composition of own funds requirements

	Own funds requirements for operational risk		Own funds requirements for credit and market price risk		Total capital requirements	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	€m	€m	€m	€m	€m	€m
Clearstream Holding group	312.9	289.6	46.4	49.0	359.3	338.6
Clearstream Banking S.A.	215.9	223.0	45.7	46.2	261.6	269.2
Clearstream Banking AG	97.0	74.7	4.0	23.1	101.0	97.8
Eurex Clearing AG	69.8	71.2	12.4	7.3	82.2	78.5
European Commodity Clearing AG	3.7	3.3	0.6	0.4	4.3	3.7

20. Equity (Continued)

Regulatory capital ratios

	Own funds requirements		Regulatory equity		Solvency ratio	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	€m	€m	€m	€m	%	%
Clearstream Holding group	359.3	338.6	1,079.7	1,116.6	24.0	26.4
Clearstream Banking S.A.	261.6	269.2	876.6	801.3	26.8	23.8
Clearstream Banking AG	101.0	97.8	248.7	217.9	19.7	17.8
Eurex Clearing AG	82.2	78.5	289.4	249.4	28.2	25.4
European Commodity Clearing AG	0	3.7	0	37.9	0	81.2

The capital requirements under Article 16 of EMIR do not stipulate a specific ratio. Instead, the total amount of share capital, retained earnings and reserves, less certain items (including the central counterparty's own contribution to the default fund), is compared with the capital requirements. This total has to be at least equal to these requirements. In other words, EMIR requires a capital cover of at least 100 per cent. A reporting requirement to the competent authority—in this case BaFin—is triggered when this ratio falls below 110 per cent.

The capital resources of European Commodity Clearing AG are currently well above the regulatory requirements. Similar to the other companies, its capital resources are reviewed on an ongoing basis. Depending on future business performance, and in particular on changes in the regulatory framework, the capital resources may be adjusted, although there are no plans for this at present.

Capital adequacy requirements under EMIR

	Eurex Clearing AG		European Commodity Clearing AG	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	€m	€m	€m	€m
Own funds requirements for operational, credit and market risk	82.2	n.a.	4.3	n.a.
Other EMIR capital requirements	74.9	n.a.	12.5	n.a.
Total EMIR capital requirements under Article 16 of EMIR	**157.1**	**n.a.**	**16.8**	**n.a.**
Equity	289.8	n.a.	39.9	n.a.
Own contribution to default fund	(50.0)	n.a.	(4.8)	n.a.
EMIR capital adequacy ratio	**239.8**	**n.a.**	**35.1**	**n.a.**

The capital requirements for Deutsche Börse Group's two investment firms first entered into force in 2014.

The capitalisation of Eurex Bonds GmbH significantly exceeded the CRR requirements. Due to the profits expected to be retained in future, the capital resources of Eurex Bonds GmbH will increase gradually in the coming years. However, if costs remain more or less stable and the capital requirements for credit and market price risk are low, the capital requirements are expected to remain virtually unchanged.

Since Eurex Repo GmbH transfers its earnings to Eurex Frankfurt AG under a profit and loss transfer agreement, there was no need in the past to maintain a strong capital base. The implementation of the CRR requirements for Eurex Repo GmbH therefore required a contribution to the share premium account. Depending on the future prudential treatment of expenses from profit transfers as well as future business performance, further contributions to capital may be necessary to a limited extent.

20. Equity (Continued)

Composition of own funds/capital requirements

	Own funds requirements for credit and market price risk		Own funds requirements on the basis of fixed overheads		Own funds requirements to be met	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	€m	€m	€m	€m	€m	€m
Eurex Bonds GmbH	0.2	n.a.	0.5	n.a.	0.5	n.a.
Eurex Repo GmbH	0.4	n.a.	0.7	n.a.	0.7	n.a.

Compliance with own funds requirements

	Own funds requirements		Regulatory equity		Equity ratio	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	€m	€m	€m	€m	%	%
Eurex Bonds GmbH	0.5	n.a.	8.2	n.a.	1,640.0	n.a.
Eurex Repo GmbH	0.7	n.a.	2.6	n.a.	371.4	n.a.

In general, the regulatory minimum requirements were complied with at all times by all companies during the year under review and in the period up to the preparation of the consolidated financial statements. Due to the change in the behaviour of clearing participants triggered by regulatory changes as well as tighter markets for collateralised cash investments in US dollars as at the end of the quarter, the large exposure limits for prime counterparties were temporarily exceeded at Eurex Clearing AG on a few occasions in 2014. Eurex Clearing AG initiated and implemented comprehensive measures to avoid a repeat of such breaches in the future. It is working on further initiatives to enhance diversification and risk mitigation for investments of US dollars, as well as pound sterling.

21. Shareholders' equity and appropriation of net profit of Deutsche Börse AG

The annual financial statements of the parent company Deutsche Börse AG, prepared as at 31 December 2014 in accordance with the provisions of the Handelsgesetzbuch (HGB, the German Commercial Code), report net profit for the year of €423.1 million (2013: €412.8 million) and shareholders' equity of €2,370.3 million (2013: €2,329.8 million). In 2014, Deutsche Börse AG distributed €386.6 million (€2.10 per eligible share) from the unappropriated surplus of the previous year.

Net income for the year 2014 is at the same level as last year.

Proposal on the appropriation of the unappropriated surplus

	31 Dec 2014
	€m
Net profit for the year	423.1
Appropriation to other retained earnings in the annual financial statements	(23.1)
Unappropriated surplus	**400.0**
Proposal by the Executive Board:	
Distribution of a regular dividend to the shareholders of €2.10 per share for 184,186,855 no-par value shares carrying dividend rights	386.8
Appropriation to retained earnings	13.2

No-par value shares carrying dividend rights

	Number
Number of shares issued as at 31 December 2014	**193,000,000**
Number of shares acquired under the share buy-back programme up to the balance sheet date	(8,813,145)
Number of shares outstanding as at 31 December 2014	**184,186,855**

21. Shareholders' equity and appropriation of net profit of Deutsche Börse AG (Continued)

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the company that are not eligible to receive dividends under section 71b of the Aktiengesetz (AktG, the German Stock Corporation Act). The number of shares eligible to receive dividends can change until the Annual General Meeting through the repurchase or sale of further treasury shares. In this case, without changing the dividend of €2.10 per eligible share, an amended resolution for the appropriation of the unappropriated surplus will be proposed to the Annual General Meeting.

22. Provisions for pensions and other employee benefits

Defined benefit pension plans

The defined benefit obligations of the companies of Deutsche Börse Group relate primarily to final salary arrangements and pension plans based on capital components, which guarantee employees a choice of either lifelong pensions or capital payments on the basis of the final salary paid. In Switzerland, there are guaranteed defined contribution plans. Deutsche Börse Group uses external trust solutions to cover some of its pension obligations.

Net liability of defined benefit obligations

	Germany	Luxembourg	Other	Total 31 Dec 2014	Total 31 Dec 2013
	€m	€m	€m	€m	€m
Present value of the defined benefit obligations that are at least partly financed in advance	345.5	64.1	17.4	427.0	341.2
Fair value of plan assets	(225.2)	(44.6)	(14.6)	(284.4)	(263.4)
Funded status	**120.3**	**19.5**	**2.8**	**142.6**	**77.8**
Present value of unfunded obligations	2.3	0.7	0	3.0	2.4
Net liability of defined benefit obligations	**122.6**	**20.2**	**2.8**	**145.6**	**80.2**
Impact of minimum funding requirement/asset ceilling	0	0	0	0	0
Amount recognised in the balance sheet	**122.6**	**20.2**	**2.8**	**145.6**	**80.2**

The defined benefit plans comprise a total of 2,509 (2013: 2,435) beneficiaries. The present value of the defined benefit obligations can be broken down on the beneficiaries as follows:

Breakdown of stakeholders

	Germany	Luxembourg	Other	Total 31 Dec 2014	Total 31 Dec 2013
	€m	€m	€m	€m	€m
Candidates	157.7	63.8	17.1	238.6	194.4
Former employees with vested entitlements	106.1	0.3	0.3	106.7	94.4
Pensioners or surviving dependents	84.0	0.7	0	84.7	54.8
	347.8	**64.8**	**17.4**	**430.0**	**343.6**

The following retirement benefit plans exist to provide retirement benefits:

Executive boards of Group companies (Germany and Luxembourg)

Individual commitment plans exist for members of the executive boards of Group companies; they are based on the plan for senior executives described in the next but one paragraph, i.e. in each calendar year the company provides an annual contribution to a capital component calculated in accordance with actuarial principles. The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. In addition, retirement benefit agreements are in place with members of the executive boards of Group companies, under which they are entitled to pension benefits on reaching the age of 63 and following reappointment. When the term of office began, the replacement rate was 30 per cent of individual pensionable income. It rose by five

22. Provisions for pensions and other employee benefits (Continued)

percentage points with each reappointment, up to a maximum of 50 per cent of pensionable income. Details of the pension commitments for members of Deutsche Börse AG's Executive Board can be found in the remuneration report.

Germany

There has been an employee-financed deferred compensation plan for employees of Deutsche Börse Group in Germany since 1 July 1999. This plan gives employees the opportunity to convert parts of their future remuneration entitlements into benefit assets of equal value. The benefits consist of a capital payment on reaching the age of 65 or earlier, if applicable, in the case of disability or death; when due, the payment is made in equal annual payments over a period of three years. The benefit assets earn interest at a rate of 6 per cent p.a. As a rule, new commitments are entered into on the basis of this deferred compensation plan; employees with pension commitments under retirement benefit arrangements in force before 1 July 1999 were given an option to participate in the deferred compensation plan by converting their existing pension rights.

In the period from 1 January 2004 to 30 June 2006, senior executives in Germany were offered the opportunity to participate in the following pension system based on capital components: the benefit is based on annual income received, composed of fixed annual salary and the variable remuneration. Every year, participating Group companies provide for an amount that corresponds to a certain percentage of the pensionable income. This amount is multiplied by a capitalisation factor depending on age, resulting in the "annual capital component". The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. This benefit plan was closed to new staff on 30 June 2006; the senior executives who were employed in the above period can continue to earn capital components.

As part of adjustments to the remuneration systems to bring them into line with supervisory requirements (see note 39 for detailed information) contracts with members of the executive boards of Group companies and senior executives are currently being revised; this process primarily affects the calculation of the capital components.

Luxembourg

The employees of the Clearstream subgroup in Luxembourg participate in separate defined benefit pension plans. The defined benefit pension plan in favour of Luxembourg employees of Clearstream International S.A., Clearstream Banking S.A. and Clearstream Services S.A. is funded by means of cash contributions to an "association d'épargne pension" (ASSEP) organised in accordance with Luxembourg law. The benefits consist of a one-off capital payment, which is generally paid on reaching the age of 65. The benefit plan does not cover disability or death in service. Contributions to the "association d'épargne pension" are funded in full by the participating companies. The contributions are determined annually on the basis of actuarial reports and the amount of the obligation is calculated in accordance with Luxembourg law.

Switzerland

The employees of STOXX Ltd. participate in a separate defined benefit pension plan. They are insured by a pension fund of SIX Swiss Exchange AG at PREVAS Sammelstiftung, Zurich.

Since 2012, there have been a separate pension plan (basic pension plan) and a supplementary benefits plan (bonus plan) for employees of Eurex Zürich AG and Eurex Global Derivatives AG; both plans are based on insurance policies and, in addition to retirement benefits, comprise disability benefits and dependants' pensions. The contributions to the basic pension plan are paid by the employee and the employer, based on progressive percentages of the insured wage (annual wage less coordination deduction). For the bonus plan, the contributions are determined as a percentage of the bonus; it is also funded by contributions from employees and the employer. The retirement age is 65. The beneficiaries can choose between pension payments and a one-off payment.

22. Provisions for pensions and other employee benefits (Continued)

The present value of defined benefit obligations can be reconciled as follows with the provisions shown in the consolidated balance sheet:

Changes in net defined benefit obligations

	Present value of obligations	Fair value of plan assets	Total	Impact of minimum funding requirement/asset ceilling	Total
	€m	€m	€m	€m	€m
Balance as at 1 Jan 2013	**328.2**	**(233.4)**	**94.8**	**0.6**	**95.4**
Acquisitions through business combinations	0.3	—	0.3	—	0.3
Current service cost	17.1	—	17.1	—	17.1
Interest expense/(income)	11.0	(8.6)	2.4	—	2.4
	28.1	**(8.6)**	**19.5**	**0**	**19.5**
Remeasurements					
Return on plan assets, excluding amounts already recognised in interest income	—	(10.4)	(10.4)	—	(10.4)
Losses from changes in demographic assumptions	3.2	—	3.2	—	3.2
Losses from changes in financial assumptions	5.4	—	5.4	—	5.4
Experience gains	(11.9)	—	(11.9)	—	(11.9)
Change in asset ceilling, excluding amounts included in interest expense	—	—	0	(0.6)	(0.6)
	(3.3)	**(10.4)**	**(13.7)**	**(0.6)**	**(14.3)**
Effect of exchange rate differences	(0.2)	—	(0.2)	—	(0.2)
Contributions:					
Employers	—	(20.5)	(20.5)	—	(20.5)
Plan participants	0.8	(0.8)	0	—	0
Benefit payments	(10.3)	10.3	0	—	0
Balance as at 31 Dec 2013	**343.6**	**(263.4)**	**80.2**	**0**	**80.2**
Acquisitions through business combinations	0.3	(0.3)	0	—	0
Current service cost	16.2	—	16.2	—	16.2
Interest expense/(income)	11.3	(8.8)	2.5	—	2.5
Past service cost and gains and losses on settlements	(0.2)	—	(0.2)	—	(0.2)
	27.3	**(8.8)**	**18.5**	**0**	**18.5**
Remeasurements					
Return on plan assets, excluding amounts already recognised in interest income	—	(1.9)	(1.9)	—	(1.9)
Losses from changes in demographic assumptions	(1.3)	—	(1.3)	—	(1.3)
Losses from changes in financial assumptions	76.6	—	76.6	—	76.6
Experience gains	(7.0)	—	(7.0)	—	(7.0)
Change in asset ceilling, excluding amounts included in interest expense	—	—	0	—	0
	68.3	**(1.9)**	**66.4**	**0**	**66.4**(1)
Effect of exchange rate differences	0.2	(0.1)	0.1	—	0.1
Contributions:					
Employers	—	(19.5)	(19.5)	—	(19.5)
Plan participants	0.8	(0.8)	0	—	0
Benefit payments	(10.5)	10.4	(0.1)	—	(0.1)
Balance as at 31 Dec 2014	**430.0**	**(284.4)**	**145.6**	**0**	**145.6**

(1) Thereof €0.3 million under non-controlling interests

In financial year 2014, employees converted a total of €3.6 million (2013: €3.3 million) of their variable remuneration into deferred compensation benefits.

22. Provisions for pensions and other employee benefits (Continued)

Assumptions

Provisions for pension plans and other employee benefits are measured annually at the balance sheet date using actuarial methods. The assumptions for determining the actuarial obligations for the pension plans differ according to the individual conditions in the countries concerned and are as follows:

Actuarial assumptions

	31 Dec 2014			31 Dec 2013		
	Germany	Luxembourg	Switzerland	Germany	Luxembourg	Switzerland
	%	%	%	%	%	%
Discount rate	2.15	2.15	1.10	3.40	3.40	2.00
Salary growth	3.50	3.50	1.00	3.50	3.50	1.00
Pension growth	2.00	2.00–2.25	0	2.00	2.00–2.25	0
Staff turnover rate	2.00(1)	2.00(1)	n.a.(2)	2.00(1)	2.00(1)	n.a.(2)

(1) Up to the age of 50, afterwards 0.00 per cent

(2) Staff turnover rate in accordance with the Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge (BVG, Swiss Federal Occupational Retirement, Survivors' and Disability Pension Plans Act)

In Germany, the "2005 G" mortality tables (generation tables) developed by Prof Dr Klaus Heubeck are used in a modified version. For Luxembourg, generation tables of the Institut national de la statistique et des études économiques du Grand-Duché du Luxembourg are used. For Switzerland, the BVG 2010 generation tables are used.

Sensitivity analysis

The sensitivity analysis presented in the following considers the change in one assumption at a time, leaving the other assumptions unchanged from the original calculation, i.e. possible correlation effects between the individual assumptions are not taken into account.

Sensitivity of defined benefit obligation to change in the weighted principal assumptions

		Impact on defined benefit obligation		Impact on defined benefit obligation	
	Change in actuarial assumption	2014 defined benefit obligation	Change	2013 defined benefit obligation	Change
		€m	%	€m	%
Present value of the obligation(1)		430.0	—	343.6	—
Discount rate	Increase by 1.0 percentage point	364.5	(15.2)	293.5	(14.6)
	Reduction by 1.0 percentage point	500.5	16.4	406.9	18.4
Salary growth	Increase by 0.5 percentage points	441.1	2.6	354.4	3.2
	Reduction by 0.5 percentage points	416.4	(3.2)	335.1	(2.5)
Pension growth	Increase by 0.5 percentage points	455.1	5.8	358.0	4.2
	Reduction by 0.5 percentage points	420.6	(2.2)	336.1	(2.2)
Life expectancy	Increase by one year	440.8	2.5	351.7	2.3
	Reduction by one year	419.3	(2.5)	335.3	(2.4)

(1) Present value of the obligations using assumptions in accordance with the table "actuarial assumptions"

Composition of plan assets

Germany

In Germany, the plan assets are held by a trustee in safekeeping for individual companies of Deutsche Börse Group and for the beneficiaries: at the company's instruction, the trustee uses the funds transferred to acquire securities, without any consulting on the part of the trustee. The contributions are invested in

22. Provisions for pensions and other employee benefits (Continued)

accordance with an investment policy, which may be amended by the companies represented in the investment committee in agreement with the other members. The trustee may refuse to carry out instructions if they are in conflict with the fund's allocation rules or the payment provisions. In accordance with the investment policy, an absolute return approach is pursued including a value preservation mechanism; investments can be made in different asset classes.

Luxembourg

In Luxembourg, the Board of Directors of the Clearstream Pension Fund is responsible for determining the investment strategy, with the aim of maximising returns in relation to a benchmark. This benchmark is derived up to 75 per cent from the return on five-year German federal government bonds and up to 25 per cent the return on the EURO STOXX 50 Index. According to the investment policy, the fund may only invest in fixed-income securities and securities at variable interest rates, listed investment fund units, and it may hold cash, also in form of money market fonds.

Switzerland

Since 2012, the assets of the pension funds of Eurex Zürich AG and Eurex Global Derivatives AG have been invested with AXA Stiftung Berufliche Vorsorge and are therefore reported under "qualifying insurance policies". Likewise, the plan assets of STOXX Ltd. managed by PREVAS Sammelstiftung are reported under the position "qualifying insurance policies".

Overview on plan assets

	31 Dec 2014		31 Dec 2013	
	€m	%	€m	%
Equity instruments—Europe	**1.0**	**0.4**	**60.8**	**23.1**
Financial institutions	0.2		11.6	
Manufacturing and Industrial	0.2		14.4	
Energy and commodities	0		6.6	
Technology companies	0.1		4.7	
Other	0.5		23.5	
Equity instruments—other	**1.0**	**0.4**	**0.6**	**0.2**
Financial institutions	0.2		0.1	
Manufacturing and Industrial	0.2		0.1	
Energy and commodities	0.1		0.1	
Technology companies	0.2		0.1	
Other	0.3		0.2	
Bonds	**247.4**	**86.9**	**165.8**	**63.0**
Government bonds	243.1		163.5	
Corporate bonds	4.3		2.3	
Derivatives	**2.7**	**0.9**	**0.8**	**0.3**
Stock index futures	1.8		0.8	
Interest rate futures	0.9		0	
Property	**1.0**	**0.4**	**0.8**	**0.3**
Europe	0.9		0.7	
Other	0.1		0.1	
Investment funds	**8.8**	**3.1**	**18.0**	**6.8**
Other	**0.3**	**0.1**	**0.1**	**0**
Total listed	**262.2**	**92.2**	**246.9**	**93.7**
Qualifying insurance policies	7.9	2.8	7.7	2.9
Cash	14.2	5.0	8.6	3.3
Other	0.1	0	0.2	0.1
Total not listed	**22.2**	**7.8**	**16.5**	**6.3**
Total plan assets	**284.4**	**100.0**	**263.4**	**100.0**

22. Provisions for pensions and other employee benefits (Continued)

As at 31 December 2014, plan assets included no financial instruments of the Group (2013: €0.1 million). They did not include any property occupied or other assets used by the Group.

Risks

In addition to the general actuarial risks, the risks associated with the defined benefit obligations relate especially to financial risks in connection with the plan assets, including in particular counterparty credit and market price risks.

Market price risk

The return on plan assets is assumed to be the discount rate determined on the basis of corporate bonds with an AA rating. If the actual rate of return on plan assets is lower than the discount rate used, the net defined benefit liability increases accordingly. At a lower volatility, the actual return is further expected to exceed the return on corporate bonds with a good credit in the medium to long term.

Deutsche Börse Group considers the share price risk resulting from the equity ratio of the plan assets to be appropriate. The company bases its assessment on the expectation that the overall volume of payments from the pension plans will be manageable in the next few years, that the total amount of the obligations will also be manageable and that it will be able to meet these payments in full from operating cash flows. Any amendments to the investment policy take into account the duration of the pension obligation as well as the expected payments over a period of ten years.

Moreover, the level of the net liability is influenced by the discount rates in particular, whereby the current low interest rates contribute to a relatively high net liability. A continued decline in returns on corporate bonds will lead to a further increase in defined benefit obligations, which can be only partially offset by the positive development of the fair values of the corporate bonds included in the plan assets.

Inflation risk

Possible inflation risks that could lead to an increase in defined benefit obligations exist because some pension plans or the annual capital components are directly related to the salaries, i.e. a significant increase in salaries would lead to an increase in the benefit obligation from the plans. In Germany, however, there are no contractual arrangements with regard to inflation risk for these pension plans. An interest rate of 6 per cent p.a. has been agreed for the employee-financed deferred compensation plan; the plan does not include any arrangements for inflation, so that it has to be assumed that there will be little incentive for employees to contribute to the deferred compensation plan in times of rising inflation.

In Luxembourg, salaries are adjusted for the effects of inflation on the basis of a consumer price index no more than once a year; this adjustment leads to a corresponding increase in the benefit obligation from the pension plan. Since the obligation will be met in the form of a capital payment, there will be no inflation-linked effects once the beneficiary reaches retirement age.

In Switzerland, the benefit plans at AXA Stiftung Berufliche Vorsorge and PREVAS Sammelstiftung include the provision that the board of the foundation decides annually whether the retirement pensions will be adjusted to price trends. The decision takes into account in particular the financial capability of the foundation. There are no arrangements for automatic adjustments to price increases over and above the legal requirements that apply to certain surviving dependants' and disability pensions.

Duration and expected maturities of the pension obligations

The weighted duration of the pension obligations was 17.08 years as at 31 December 2014.

22. Provisions for pensions and other employee benefits (Continued)

Expected maturities of undiscounted pension payments

	Expected pension payments(1) 31 Dec 2014	Expected pension payments(1) 31 Dec 2013
	€m	€m
Less than 1 year	10.9	8.7
Between 1 and 2 years	13.4	9.1
Between 2 and 5 years	43.0	37.3
More than 5 years up to 10 years	75.9	72.1
Total	**143.2**	**127.2**

(1) The expected payments in CHF were translated into euros at the respective closing rate on 31 December.

The expected costs of defined benefit plans amount to approximately €22.8 million for the 2015 financial year, including net interest expense.

Defined contribution pension plans

In the year under review, the costs of defined contribution plans amounted to €30.4 million (2013: €27.7 million).

23. Changes in other provisions

Changes in other provisions

	Recourse and litigation risks	Restructuring and efficiency measures	Interest on taxes	Stock Bonus Plan	Bonuses	Operational claims	Pension obligations to IHK	Other personnel provisions	Miscellaneous	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance as at 1 Jan 2014	**117.9**	**95.3**	**49.1**	**18.2**	**10.8**	**10.6**	**9.5**	**9.2**	**16.4**	**337.0**
Acquisitions through business combinations	0.3	0	0	0	3.6	0	0	0	1.3	5.2
Reclassification	(1.0)	0.1	0	0	0	0	0	(0.5)	(0.2)	(1.6)
Utilisation	(114.6)	(18.5)	(2.0)	(10.2)	(9.8)	(0.2)	0	(1.4)	(6.4)	(163.1)
Reversal	(2.2)	(9.8)	(0.2)	0	(0.4)	(3.2)	0	(1.0)	(2.4)	(19.2)
Additions	4.1	6.6	6.0	9.1	14.1	8.3	0.1	1.3	2.8	52.4
Currency translation	0	0.1	0	0	1.1	0	0	0	0.2	1.4
Interest	0	5.3	0	0	0	0	0.7	0.4	0	6.4
Balance as at 31 Dec 2014	**4.5**	**79.1**	**52.9**	**17.1**	**19.4**	**15.5**	**10.3**	**8.0**	**11.7**	**218.5**

The “other personnel provisions” item as at 31 December 2014 included personnel-related provisions of €5.7 million (2013: €5.4 million) for jubilees, €1.4 million (2013: €2.6 million) for other personnel costs and €0.9 million (2013: €1.2 million) for early retirement benefits. The “miscellaneous” item includes provisions for contingent losses of €5.8 million (2013: €9.2 million) and provisions for rent and service costs of €1.9 million (2013: €1.9 million).

24. Other non-current provisions

Other non-current provisions have more than one year to maturity.

Composition of other non-current provisions

	31 Dec 2014	31 Dec 2013
	€m	€m
Restructuring and efficiency measures	72.7	78.8
Pension obligations to IHK[1]	10.3	9.5
Stock Bonus Plan	7.7	8.0
Bonuses	7.3	4.4
Jubilees	5.7	5.4
Anticipated losses	5.2	5.9
Early retirement	0.9	1.2
Other	0.7	0
Total	**110.5**	**113.2**
thereof with remaining maturity between 1 and 5 years	79.9	78.5
thereof with remaining maturity of more than 5 years	30.6	34.7

(1) IHK = Industrie- und Handelskammer Frankfurt am Main (the Frankfurt/Main Chamber of Industry and Commerce)

Provisions for restructuring and efficiency measures include provisions amounting to €5.3 million (2013: €7.2 million) for the restructuring and efficiency programme resolved in September 2007 as well as €24.4 million (2013: €28.9 million) for the programme resolved in 2010 to increase operational performance and €43.0 million (2013: €42.7 million) for the programme resolved in 2013 to improve the cost structures and operational processes in order to adapt to a permanently changed business environment. For more details on the restructuring and efficiency programmes see "Internal management—Control systems" section in the combined management report.

Provisions for pension obligations to the Industrie- und Handelskammer (IHK, the Chamber of Commerce) are recognised on the basis of the number of eligible employees.

For details on the Stock Bonus Plan, see note 39.

25. Liabilities

The euro and US dollar bonds issued by Deutsche Börse Group have a carrying amount of €1,568.3 million (2013: €1,521.9 million) and a fair value of €1,688.4 million (2013: €1,551.8 million). Of this amount, €1,428.5 million (2013: €1,521.9 million) are reported under "interest-bearing liabilities", while the bonds that will mature in financial year 2015 in the amount of €139.8 million (2013: nil) are reported under "other current liabilities".

The financial liabilities recognised in the balance sheet were not secured by liens or similar rights, neither as at 31 December 2014 nor as at 31 December 2013.

26. Tax provisions

Composition of tax provisions

	Income taxes: current year	Income taxes: previous years	Other taxes	Total
	€m	€m	€m	€m
Balance as at 1 Jan 2014	0	216.4	50.4	266.8
Acquisitions through business combinations	0.9	0	0	0.9
Reclassification	0	14.8	(0.1)	14.7
Utilisation	0	(75.1)	(2.6)	(77.7)
Reversal	(0.1)	0	(3.4)	(3.5)
Additions	69.6	1.1	5.3	76.0
Currency translation	0	5.5	0	5.5
Interest	0	0	0	0
Balance as at 31 Dec 2014	**70.4**	**162.7**	**49.6**	**282.7**

Tax provisions of €150.0 million have an estimated remaining maturity of more than one year.

27. Other current provisions

Composition of other current provisions

	31 Dec 2014	31 Dec 2013
	€m	€m
Recourse and litigation risks	4.5	117.9(1)
Interest on taxes	52.9	49.1
Claims for damages	15.5	10.6
Bonuses	12.1	6.3
Stock Bonus Plan	9.4	10.2
Restructuring and efficiency measures	6.4	16.5
Rent and incidental rental costs	1.9	1.9
Personnel expenses	1.4	2.5
Anticipated losses	0.6	3.3
Miscellaneous	3.4	5.3
Total	**108.1**	**223.6**

(1) Including €110.3 million (US$151.9 million) for the settlement with the U.S. Office of Foreign Assets Control (OFAC).

Restructuring and efficiency measures include provisions amounting to €0.1 million (2013: €0.4 million) for the restructuring and efficiency programme resolved in 2007, and €6.3 million (2013: €14.0 million) for the programme resolved in 2013 to improve the cost structures and operational processes in order to adapt to a permanently changed business environment. No provisions were included for the operating efficiency programme resolved in 2010 (2013: €1.6 million). For details see "Internal management" section of the combined management report.

For details on share-based payments, see note 39. For details on non-current anticipated losses, see note 24.

28. Liabilities from banking business

The liabilities from banking business are attributable solely to the Clearstream subgroup.

28. Liabilities from banking business (Continued)

Composition of liabilities from banking business

	31 Dec 2014	31 Dec 2013
	€m	€m
Customer deposits from securities settlement business	11,121.1	9,475.7
Issued commercial paper	193.2	194.1
Overdrafts on nostro accounts	130.0	30.8
Money market lendings	42.3	8.1
Forward foreign exchange transactions—held for trading	0.5	16.5
Interest liabilities	0	0.1
Total	**11,487.1**	**9,725.3**

Remaining maturity of liabilities from banking business

	31 Dec 2014	31 Dec 2013
	€m	€m
Not more than 3 months	11,392.6	9,725.3
More than 3 months but not more than 1 year	94.5	0
Total	**11,487.1**	**9,725.3**

29. Cash deposits by market participants

Composition of cash deposits by market participants

	31 Dec 2014	31 Dec 2013
	€m	€m
Liabilities from margin payments to Eurex Clearing AG by members	21,594.1	16,217.7
Liabilities from margin payments to European Commodity Clearing AG by members	684.0	0
Liabilities from cash deposits by participants in equity trading	4.3	4.0
Total	**22,282.4**	**16,221.7**

30. Other current liabilities

Composition of other current liabilities

	31 Dec 2014	31 Dec 2013
	€m	€m
Liabilities from CCP positions	452.5	176.9
Liabilities from repayment of US dollar bonds(1)	139.8	0
Issued commercial paper	60.0	100.0
Special payments and bonuses	44.3	39.2
Tax liabilities (excluding income taxes)	36.8	30.5
Vacation entitlements, flexitime and overtime credits	19.0	16.7
Interest payable	9.7	9.6
Debitors with credit balances	7.5	6.5
Derivatives	5.9	6.1
Liabilities as part of social security	3.2	4.2
Liabilities to supervisory bodies	3.1	2.2
Miscellaneous	26.0	20.2
Total	**807.8**	**412.1**

(1) For detailed information see note 25.

31. Maturity analysis of financial instruments

Underlying contractual maturities of the financial instruments at the balance sheet date

	Contractual maturity						Contractual maturity									
	Sight		Not more than 3 months		More than 3 months but not more than 1 year		More than 1 year but not more than 5 years		Over 5 years		Reconciliation to carrying amount		Carrying amount	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Non-derivative financial liabilities														
Interest-bearing liabilities	0	0	0	6.8	28.1	33.7	890.0	1,011.2	697.4	709.2	(187.0)	(239.0)	1,428.5	1,521.9
Other non-current financial liabilities	0	0	0	0.1	0	0	9.1	0.3	0	0.4	3.5	1.8	12.6	2.6
Non-derivative liabilities from banking business	11,279.9	9,514.7	112.7	194.1	94.5	0	0	0	0	0	(0.5)	0	11,486.6	9,708.8
Trade payables, payables to related parties and other current liabilities	452.7	178.1	289.4	245.1	157.9	3.8	0	0	0	0	130.6	110.7	1,030.6	537.7
Cash deposits by market participants	22,282.4	16,221.7	0	0	0	0	0	0	0	0	0	0	22,282.4	16,221.7
Other bank loans and overdrafts	0.7	0.1	0	0	0	0	0	0	0	0	0	0	0.7	0.1
Total non-derivative financial liabilities (gross)	**34,015.7**	**25,914.6**	**402.1**	**446.1**	**280.5**	**37.5**	**899.1**	**1,011.5**	**697.4**	**709.6**	**(53.4)**	**(126.5)**	**36,241.4**	**27,992.8**
Derivatives and financial instruments of the central counterparties														
Financial liabilities and derivatives of the central counterparties	29,501.6	25,980.7	94,814.6	103,079.9	44,685.7	23,986.2	4,579.3	4,051.7	1,306.5	6.9	0	0	174,887.7	157,105.4
less financial assets and derivatives of the central counterparties	(29,501.6)	(26,480.7)	(96,063.7)	(103,079.9)	(44,685.7)	(23,986.2)	(4,579.3)	(4,051.7)	(1,306.5)	(6.9)	0	0	(176,136.8)	(157,605.4)
Cash inflow—derivatives and hedges														
Cash flow hedges	0	0	0	0	0	0	0	0	0	0				
Fair value hedges	0	0	0	0	0	0	0	0	0	0				
Derivatives held for trading	1,415.7	551.2	391.7	1,751.2	0	0	0	0	0	0				
Cash outflow—derivatives and hedges														
Cash flow hedges	0	0	0	0	0	0	0	0	0	0				
Fair value hedges	0	0	0	0	0	0	0	0	0	0				
Derivatives held for trading	(1,381.4)	(551.0)	(391.6)	(1,734.9)	0	0	0	0	0	0				
Total derivatives and hedges	**34.3**	**(499.8)**	**(1,249.0)**	**16.3**	**0**	**0**	**0**	**0**	**0**	**0**				
Financial guarantees	0	0	533.2	568.2	0	0	0	0	0	0				

32. Classification of financial instruments under IAS 39

The following table shows an analysis of the financial instruments in the balance sheet in accordance with their classification under IAS 39 as well as the corresponding carrying amounts:

Classification of financial instruments

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount 31 Dec 2014	Carrying amount 31 Dec 2013
				€m	€m
Other equity investments	13	AFS(1)	Historical cost	161.2	19.3
		AFS(1)	Fair value	5.6	4.6
Non-current receivables and securities from banking business	13	AFS(1)	Fair value	1,305.0	1,178.3
Other financial instruments	13	AFS(1)	Historical cost	0.8	0.7
		AFS(1)	Fair value	25.0	24.9
Other loans	13	Loans and receivables	Amortised cost	0.4	0.4
Non-current financial instruments of the central counterparties	15	Held for trading	Fair value	5,885.8	4,058.6
Other non-current assets		Loans and receivables	Amortised cost	7.3	7.4
Current financial instruments of the central counterparties	15	Held for trading	Fair value	170,251.0	153,546.8
Current receivables and securities from banking business	16	AFS(1)	Fair value	655.9	310.6
		Loans and receivables	Amortised cost	9,616.8	9,233.4
		Derivatives held for trading	Fair value	34.4	0
Trade receivables	17	Loans and receivables	Amortised cost	342.9	218.8
Receivables from related parties		Loans and receivables	Amortised cost	1.0	4.1
Other current assets	18	Loans and receivables	Amortised cost	481.8	196.5
Restricted bank balances	19	Loans and receivables	Amortised cost	22,283.5	16,221.7
Other cash and bank balances	33	Loans and receivables	Amortised cost	826.1	627.9
Interest-bearing liabilities (excluding finance leases)	14, 25	Liabilities at amortised cost	Amortised cost	1,189.9	1,187.8
		Net investment hedge(2)	Amortised cost	238.6	334.1
Non-current financial instruments of the central counterparties	15	Held for trading	Fair value	5,885.8	4,058.6
Other non-current liabilities		Liabilities at amortised cost	Amortised cost	0	0.8
		Held for trading	Fair value	9.1	0
Current financial instruments of the central counterparties	15	Held for trading	Fair value	169,001.9	153,046.8
Liabilities from banking business	28	Liabilities at amortised cost	Amortised cost	11,486.6	9,708.8
		Held for trading	Fair value	0.5	16.5

32. Classification of financial instruments under IAS 39 (Continued)

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount	
				31 Dec 2014	31 Dec 2013
				€m	€m
Other bank loans and overdrafts	33	Liabilities at amortised cost	Amortised cost	0.7	0.1
Trade payables		Liabilities at amortised cost	Amortised cost	221.2	123.7
Liabilities to related parties		Liabilities at amortised cost	Amortised cost	1.6	1.9
Cash deposits by market participants	29	Liabilities at amortised cost	Amortised cost	22,282.4	16,221.7
Other current liabilities	30	Liabilities at amortised cost	Amortised cost	474.4	295.3
		Net investment hedge(2)	Amortised cost	139.8	0
		Derivatives held for trading	Fair value	5.9	6.1

(1) Available-for-sale (AFS) financial assets

(2) This relates to the private placements designated as hedging instruments of a net investment hedge (see note 14).

The financial assets and liabilities that are measured at fair value are to be allocated to the following three hierarchy levels: Financial assets and liabilities are allocated to level 1 if there is a quoted price for similar assets and liabilities in an active market and this market is accessible. They are allocated to level 2 if the inputs on which fair value measurement is based are observable either directly or indirectly; these inputs must be based on market expectations. Financial assets and liabilities are allocated to level 3 if the fair value is determined on the basis of unobservable inputs.

32. Classification of financial instruments under IAS 39 (Continued)

As at 31 December 2014, the financial assets and liabilities that were measured at fair value were allocated to the following hierarchy levels:

Fair value hierarchy

	Fair value as at 31 Dec 2014	thereof attributable to:		
		Level 1	Level 2	Level 3
	€m	€m	€m	€m
Recurrently carried at fair value				
ASSETS				
Financial assets held for trading				
Derivatives				
Non-current financial instruments of the central counterparties	5,885.8	5,885.8	0	0
Current financial instruments of the central counterparties	170,251.0	170,251.0	0	0
Current receivables and securities from banking business	34.4	0	34.4	0
Total	**176,171.2**	**176,136.8**	**34.4**	**0**
Available-for-sale financial assets				
Equity instruments				
Other equity investments	5.6	0	0	5.6
Total	**5.6**	**0**	**0**	**5.6**
Debt instruments				
Other financial instruments	25.0	25.0	0	0
Non-current receivables and securities from banking business	1,305.0	1,305.0	0	0
Current receivables and securities from banking business	655.9	655.9	0	0
Total	**1,985.9**	**1,985.9**	**0**	**0**
Total assets	**178,162.7**	**178,122.7**	**34.4**	**5.6**
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Non-current financial instruments of the central counterparties	5,885.8	5,885.8	0	0
Current financial instruments of the central counterparties	169,001.9	169,001.9	0	0
Liabilities from banking business	0.5	0	0.5	0
Other current liabilities	5.9	0	0	5.9
Contingent purchase price components				
Other noncurrent liabilities	9.1	0	0	9.1
Total liabilities	**174,903.2**	**174,887.7**	**0.5**	**15.0**

32. Classification of financial instruments under IAS 39 (Continued)

By comparison, the financial assets and liabilities measured at fair value as at 31 December 2013 were allocated to the hierarchy levels as follows:

Fair value hierarchy

	Fair value as at 31 Dec 2013	thereof attributable to:		
		Level 1	Level 2	Level 3
	€m	€m	€m	€m
Recurrently measured at fair value				
ASSETS				
Financial assets held for trading				
Derivatives				
Non-current financial instruments of the central counterparties	4,058.6	4,058.6	0	0
Current financial instruments of the central counterparties	153,546.8	153,546.8	0	0
Total	**157,605.4**	**157,605.4**	**0**	**0**
Available-for-sale financial assets				
Equity instruments				
Other equity investments	4.6	0	4.6	0
Total	**4.6**	**0**	**4.6**	**0**
Debt instruments				
Other financial instruments	24.9	24.9	0	0
Non-current receivables and securities from banking business	1,178.3	1,178.3	0	0
Current receivables and securities from banking business	310.6	310.6	0	0
Total	**1,513.8**	**1,513.8**	**0**	**0**
Total assets	**159,123.8**	**159,119.2**	**4.6**	**0**
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Non-current financial instruments of the central counterparties	4,058.6	4,058.6	0	0
Current financial instruments of the central counterparties	153,046.8	153,046.8	0	0
Liabilities from banking business	16.5	0	16.5	0
Other current liabilities	6.1	0	0	6.1
Total liabilities	**157,128.0**	**157,105.4**	**16.5**	**6.1**

Financial assets and financial liabilities listed in levels 2 and 3 as at 31 December 2014 are measured as follows:

- The derivatives listed in level 2 comprise forward foreign exchange transactions. The fair value of the forward foreign exchange transactions is determined on the basis of the forward foreign exchange rates for the remaining period to maturity as at the balance sheet date. They are based on observable market prices.
- The equity investments allocated to level 2 are measured on the basis of current, comparable market transactions.

32. Classification of financial instruments under IAS 39 (Continued)

As at the balance sheet date, the items allocated to level 3 and their measurements were as follows:

Development of financial instruments in level 3

	Assets	Liabilities		
	Other equity investments	Other non-current liabilities	Other current liabilities	Total
	€m	€m	€m	€m
Balance as at 1 Jan 2013	0	(3.0)	(0.4)	(3.4)
Disposals	0	1.0	0.4	1.4
Unrealised capital gains/(losses) recognised in income	0	2.0	(6.1)	(4.1)
Financial result	0	0	(6.1)	(6.1)
Other operating income	0	2.0	0	2.0
Balance as at 1 Jan 2014	**0**	**0**	**(6.1)**	**(6.1)**
Acquisitions through business combinations	0	(1.8)	0	(1.8)
Additions	0	(6.6)	0	(6.6)
Integration in level 3	4.6	0	0	4.6
Unrealised capital gains/(losses) recognised in income	0	(0.7)	0.2	(0.5)
Financial result	0	(0.7)	0	(0.7)
Other operating expenses	0	0	(0.2)	(0.2)
Other operating income	0	0	0.4	0.4
Changes recognised in the revaluation surplus	1.0	0	0	1.0
Balance as at 31 Dec 2014	**5.6**	**(9.1)**	**(5.9)**	**(9.4)**

In the course of 2014, transfers were made between levels 2 and 3 in the "other equity investments" item since no inputs for level 2 were directly or indirectly observable. As at the balance sheet date, these equity investments had a carrying amount of €5.6 million.

The value of the equity investments listed in level 3 is subjected to an annual review by the issuer, and transactions initiated by the issuer may ensue in this process. In the reporting period, such transactions provided information on the fair values of the equity instruments, leading to unrealised gains of €1.0 million; they are reported in the revaluation surplus.

The fair value of the contingent purchase price components reported under "other non-current liabilities" is firstly attributable to the acquisition of Impendium Systems Ltd. The fair value of the purchase price component amounted to €(6.6) million as at the acquisition date. In the course of 2014, expenses of €(0.7) million were recognised in the financial result. Secondly, the fair value includes a revenue-dependent purchase price component from the acquisition of Cleartrade Exchange (UK) Limited in the amount of €(1.8) million. The measurement of this component in the course of the financial year did not lead to any material effects being recognised in profit or loss. These two purchase price components are measured on the basis of internal discounted cash flow models, which discount the expected future payment obligations to the measurement date using interest rates that are appropriate to the risk.

Additionally, derivatives from an incentive programme with a carrying amount of €(6.1) million were allocated to level 3 as at the beginning of the year under review. At the end of the financial year, these derivatives had a carrying value of €(5.9) million. The financial instruments were regularly measured at fair value through profit and loss using an internal model as at the quarterly balance sheet dates. In the course of the reporting period, the subsequent measurement of these financial instruments led to gains of €0.4 million and expenses of €0.2 million; these amounts are reported under "other operating income" and "other operating expenses". The model takes into account the criteria underlying the conditional repayment of the grant made by Eurex Clearing AG. The criteria include, in particular, non-financial indicators such as the expected number of customers in a specific market segment as well as expected trading volumes. They are continuously monitored, while taking into account possible adjustments. In order to do this, customer information is also used. Since this is an internal model, the parameters can

32. Classification of financial instruments under IAS 39 (Continued)

differ from those of the settlement date. However, the derivative financial instrument will not exceed an amount of €(7.0) million. This amount arises if the beneficiaries of the incentive programme fulfil the conditions and a repayment of the contribution is not taken into consideration.

The fair value of other financial assets and liabilities not measured at fair value is determined as follows:

The euro and US dollar bonds issued by Deutsche Börse Group have a fair value of €1,688.4 million (31 December 2013: €1,551.8 million) and are reported under interest-bearing as well as current liabilities. The fair value of the euro bonds in the amount of €1,284.9 million is calculated on the basis of the quoted values of the bonds, and the fair value of the US dollar bonds in the amount of €403.5 million represents the present value of the cash flows relating to the private placements on the basis of market inputs. Consequently, the euro bonds are allocated to level 2 and the US dollar bonds to level 3.

The carrying amounts of the following items represent a reasonable approximation of their fair value:

- Unlisted equity instruments whose fair value generally cannot be reliably determined on a continuous basis and which are reported under the "financial assets" item; these are carried at cost less any impairment losses
- Other loans, which are reported under "financial assets"
- Other receivables and other assets as well as current receivables from banking business, to the extent that these are measured at amortised cost
- Restricted bank balances
- Other cash and bank balances
- Cash deposits by market participants
- Other current liabilities

Other disclosures

33. Consolidated cash flow statement disclosures

Cash flows from operating activities

After adjustments to net profit for the year for non-cash items, cash flows from operating activities excluding CCP positions amounted to €684.8 million (2013: €797.3 million). After adjustment for the change in CCP positions cash flow from operating activities amounted to €677.3 million (2013: €728.3 million). For details on the adjustments see the "Financial position" section of the combined management report.

33. Consolidated cash flow statement disclosures (Continued)

The other non-cash income (or expenses in the previous year) consists of the following items:

Composition of other non-cash income/(expenses)

	2014 €m	2013 €m
Gains on the disposal of subsidiaries and equity investments	(46.4)	0
Equity method measurement	(7.8)	2.4
Impairment of other equity investments, loans and available-for-sale shares	3.9	1.7
Reversal of the revaluation surplus for cash flow hedges	2.7	1.7
Reversal of discount and transaction costs from long-term financing	2.1	2.2
Fair value measurement of derivatives	(0.2)	0
Subsequent valuation of non-derivative financial instruments	(1.6)	2.3
Miscellaneous	0.6	3.4
Total	**(46.7)**	**13.7**

Cash flows from investing activities

Net cash flows from investing activities amounted to €250.4 million (2013: €829.2 million) and related in particular to payments to acquire property, plant and equipment and intangible assets of €133.5 million (2013: €127.6 million). Among the other investments in intangible assets and property, plant and equipment, the measures undertaken under the strategic growth initiatives and infrastructure projects are classified as expansion investments, while all remaining investments are reported as replacement investments.

The other investments in intangible assets and property, plant and equipment are broken down by segment as follows:

Payment to acquire intangible assets and property, plant and equipment

	31 Dec 2014 €m	31 Dec 2013 €m
Expansion investments		
Eurex	32.6	40.3
Xetra	0	0.6
Clearstream	39.8	48.4
Market Data + Services	0	1.1
	72.4	**90.4**
Replacement investments		
Eurex	27.9	13.6
Xetra	1.6	2.6
Clearstream	23.5	18.2
Market Data + Services	8.1	2.8
	61.1	**37.2**
Total investments according to segment reporting	**133.5**	**127.6**

Of the investments in non-current financial instruments, an amount of €328.6 million (2013: €8.5 million) related to the purchase of variable-rate securities in the banking business. Furthermore, shares of the Taiwan Futures Exchange Corporation at purchase prices totalling €33.8 million were acquired.

Securities and other non-current receivables in the amount of €317.2 million (2013: €35.3 million), of which €311.0 million (2013: €32.2 million) related to the banking business, matured or were sold in financial year 2014.

33. Consolidated cash flow statement disclosures (Continued)

The acquisition of further shares of Tradegate AG as well as the acquisition of shares of R5FX Ltd and Bondcube Limited resulted in cash outflows of €13.6 million.

Cash flows from financing activities

Cash outflows from financing activities of €441.1 million (2013: cash outflows of €497.6 million) mainly related to the dividend distribution of €386.6 million (2013: €386.5 million). In the previous year, a bond with a principal amount of €600.0 million was issued and bonds in the amount of €797.8 million were repaid.

Reconciliation to cash and cash equivalents

	31 Dec 2014	31 Dec 2013
	€m	€m
Restricted bank balances	22,283.5	16,221.7
Other cash and bank balances	826.1	627.9
Net position of financial instruments of the central counterparties	1,249.1	500.0
less bank loans and overdrafts	(0.7)	(0.1)
	24,358.0	**17,349.5**
Reconciliation to cash and cash equivalents		
Current receivables and securities from banking business	10,307.1	9,544.0
less loans to banks and customers with an original maturity of more than 3 months	(563.0)	(692.1)
less available-for-sale debt instruments	(401.1)	(310.6)
Current liabilities from banking business	(11,487.1)	(9,725.3)
Current liabilities from cash deposits by market participants	(22,282.4)	(16,221.7)
	(24,426.5)	**(17,405.7)**
Cash and cash equivalents	**(68.5)**	**(56.2)**

34. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the year attributable to shareholders of the parent company (net income) by the weighted average number of shares outstanding.

In order to determine diluted earnings per share, potentially dilutive ordinary shares that may be acquired under the Stock Bonus Plan (SBP) (see also note 39) were added to the average number of shares. In order to calculate the number of potentially dilutive ordinary shares, the exercise prices were adjusted by the fair value of the services still to be provided.

In order to determine diluted earnings per share, all SBP and Long-term Sustainable Instrument (LSI) tranches for which cash settlement has not been resolved are assumed to be settled with equity

34. Earnings per share (Continued)

instruments—regardless of actual accounting in accordance with IFRS 2. The following potentially dilutive rights to purchase shares were outstanding as at 31 December 2014:

Calculation of the number of potentially dilutive ordinary shares

Tranche	Exercise price	Adjustment of the exercise price according to IAS 33[1]	Average number of outstanding options	Average price for the period[2]	Number of potentially dilutive ordinary shares
	€	€	31 Dec 2014	€	31 Dec 2014
2013[3]	0	26.68	64,691	55.59	33,643
2014[3]	0	29.23	30,858	55.59	14,632
Total					**48,275**

(1) According to IAS 33.47 (a), the issue price and the exercise price for stock options and other share-based payment arrangements must include the fair value of any goods or services to be supplied to the entity in the future under the stock option or other share-based payment arrangement.

(2) Volume-weighted average price of Deutsche Börse AG shares on Xetra for the period 1 January to 31 December 2014

(3) This relates to rights to shares under the Stock Bonus Plan (SBP) for senior executives.

As the volume-weighted average share price was higher than the adjusted exercise price for the 2013 and 2014 tranche, these stock options are considered as dilutive under IAS 33 as at 31 December 2014. As at 31 December 2014, a number of 45,862 shares were not dilutive.

Calculation of earnings per share (basic and diluted)

	2014	2013
Number of shares outstanding as at beginning of period	184,115,657	184,078,674
Number of shares outstanding as at end of period	184,186,855	184,115,657
Weighted average number of shares outstanding	184,151,519	184,083,895
Number of potentially dilutive ordinary shares	48,275	13,366[1]
Weighted average number of shares used to compute diluted earnings per share	184,199,794	184,097,261
Net income for the period (€m)	762.3	478.4
Earnings per share (basic) (€)	4.14	2.60
Earnings per share (diluted) (€)	4.14	2.60

(1) Adjusted for the 2012 tranche, for which cash settlement was resolved

35. Segment reporting

Segment reporting is governed by the internal organisational and reporting structure, which is broken down by markets into the following four segments:

Internal organisational and reporting structure

Segment	Business areas
Eurex	• T7 electronic trading platform (Eurex Exchange and ISE) • Eurex Repo over-the-counter (OTC) trading platform • Central counterparty for on- and off-exchange derivatives and repo transactions
Xetra	• Cash market including trading at Xetra and Börse Frankfurt Stock Exchange • Eurex Bonds OTC trading platform • Central counterparty for equities and bonds • Admission of securities to listing
Clearstream	• Custody and settlement services for domestic and international securities • Global securities financing services and collateral management • Investment funds and hedge funds services
Market Data + Services	• Distribution of licenses for real-time trading and market signals • Development and sales of indices • Technology solutions for external customers • Trading participant connectivity

In accordance with IFRS 8, information on the segments is presented on the basis of internal reporting (management approach).

Sales revenue is presented separately by external sales revenue and internal (inter-segment) sales revenue. Inter-segment services are charged on the basis of measured quantities or at fixed prices (e.g. the provision of data by Eurex to Market Data + Services).

Due to their insignificance to segment reporting, the "financial income" and "financial expense" items have been combined to produce the "net financial result".

35. Segment reporting (Continued)

Segment reporting

	Eurex		Xetra		Clearstream		Market Data + Services		Total of all segments		Consolidation of internal net revenue[1]		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
External sales revenue	953.5	850.0	184.7	172.0	826.6	766.4	383.0	371.9	2,347.8	2,160.3	0	0	2,347.8	2,160.3
Internal sales revenue	0	0	0	0	7.6	7.6	33.7	26.4	41.3	34.0	(41.3)	(34.0)	0	0
Total sales revenue	**953.5**	**850.0**	**184.7**	**172.0**	**834.2**	**774.0**	**416.7**	**398.3**	**2,389.1**	**2,194.3**	**(41.3)**	**(34.0)**	**2,347.8**	**2,160.3**
Net interest income from banking business	0	0	0	0	32.8	35.9	0	0	32.8	35.9	0	0	32.8	35.9
Other operating income	17.2	13.5	8.9	8.9	6.4	7.4	3.5	3.6	36.0	33.4	(12.9)	(12.8)	23.1	20.6
Total revenue	**970.7**	**863.5**	**193.6**	**180.9**	**873.4**	**817.3**	**420.2**	**401.9**	**2,457.9**	**2,263.6**	**(54.2)**	**(46.8)**	**2,403.7**	**2,216.8**
Volume-related costs	(168.1)	(122.8)	(31.7)	(29.2)	(175.4)	(163.4)	(39.7)	(35.9)	(414.9)	(351.3)	54.2	46.8	(360.7)	(304.5)
Net revenue (total revenue less volume-related costs)	**802.6**	**740.7**	**161.9**	**151.7**	**698.0**	**653.9**	**380.5**	**366.0**	**2,043.0**	**1,912.3**	**0**	**0**	**2,043.0**	**1,912.3**
Staff costs	(165.0)	(143.2)	(34.7)	(45.9)	(191.9)	(205.5)	(80.8)	(81.4)	(472.4)	(476.0)	0	0	(472.4)	(476.0)
Depreciation, amortisation and impairment losses	(62.7)	(53.6)	(6.0)	(9.4)	(41.0)	(37.8)	(15.1)	(18.0)	(124.8)	(118.8)	0	0	(124.8)	(118.8)
Other operating expenses	(226.0)	(196.4)	(33.6)	(39.9)	(145.7)	(260.0)	(112.3)	(91.7)	(517.6)	(588.0)	0	0	(517.6)	(588.0)
Operating costs	**(453.7)**	**(393.2)**	**(74.3)**	**(95.2)**	**(378.6)**	**(503.3)**	**(208.2)**	**(191.1)**	**(1,114.8)**	**(1,182.8)**	**0**	**0**	**(1,114.8)**	**(1,182.8)**
Result from equity investments	77.9[2]	5.1[3]	0.4	4.0	0	0.2	0	0	78.3	9.3	0	0	78.3	9.3
Earnings before interest and tax (EBIT)	**426.8**	**352.6**	**88.0**	**60.5**	**319.4**	**150.8**	**172.3**	**174.9**	**1,006.5**	**738.8**	**0**	**0**	**1,006.5**	**738.8**
Net financial result	(39.4)	(62.6)	(1.4)	(2.6)	(2.9)	(3.2)	0.5	(2.3)	(43.1)	(70.7)	0	0	(43.1)	(70.7)
Earnings before tax (EBT)	**387.4**	**290.0**	**86.6**	**57.9**	**316.5**	**147.6**	**172.8**	**172.6**	**963.4**	**668.1**	**0**	**0**	**963.4**	**668.1**
Investments in intangible assets and property, plant and equipment[4]	60.5	53.9	1.6	3.2	63.3	66.6	8.1	3.9	133.5	127.6	0	0	133.5	127.6
Employees (as at 31 December)	1,332	1,018	305	331	2,228	1,816	675	646	4,540	3,811	0	0	4,540	3,811
EBIT margin (%)[5]	**53**	**48**	**54**	**40**	**46**	**23**	**45**	**48**	**49**	**39**	**n.a.**	**n.a.**	**49**	**39**

(1) The consolidation of internal net revenue column shows the elimination of intra-Group sales revenue and profits.

(2) Including revenues in connection with the business combination of Direct Edge Holdings, LLC and BATS Global Markets, Inc. (€63.0 million), a one-off gain of €10.6 million from the retrospective adjustment of the fair value of the consideration transferred as a result of the acquisition of EEX as at 1 January 2014 as well as an impairment loss for Zimory GmbH amounting to €3.6 million.

(3) Includes impairment losses totalling €1.6 million that account for the interest in Quadriserv, Inc.

(4) Excluding goodwill

(5) EBIT margin is calculated on the basis of EBIT divided by net revenue.

In the year under review, there was an extraordinary impairment loss of €3.9 million (2013: €0.6 million, see note 8).

Non-cash valuation allowances and bad debt losses resulted from the following segments:

Breakdown of non-cash valuation allowances and bad debt losses

	2014	2013
	€m	€m
Eurex	1.6	0.4
Xetra	(1.5)	0.4
Clearstream	0.3	0.1
Market Data + Services	0.2	0.6
Total	**0.6**	**1.5**

Deutsche Börse Group's business model—and that of its segments—is focused on an internationally operating participant base and pricing does not differ depending on the customer's location. From a price, margin and risk perspective, this means that it is not important whether sales revenue is generated from German or non-German participants.

The risks and returns from the activities of the subsidiaries operating within the economic environment of the European Monetary Union (EMU) do not differ significantly from each other on the basis of the factors to be considered in identifying information on geographical regions under IFRS 8. As a result,

35. Segment reporting (Continued)

Deutsche Börse Group has identified the following information on geographical regions: the euro zone, the rest of Europe, America and Asia-Pacific.

Sales revenue is allocated to the individual regions according to the customer's domicile, while investments and non-current assets are allocated according to the company's domicile and employees according to their location.

As described above, the analysis of sales is based on the direct customer's billing address. This means for example: sales to an American investor trading a product with an Asian underlying via a European clearing member are classified as European sales. Thus, in addition to sales to customers based in the Asia Pacific region, Deutsche Börse Group also reports sales of products based on Asia Pacific underlyings. These include, for example, trading of the South Korean KOSPI index on Eurex, settlement and custody services for securities issued by Asian entities, global securities financing from and with Asian customers, and index products such as the STOXX China Total Market indices. Furthermore, the Group earns net interest income on Asian customer balances. In total, this Asia Pacific-driven business amounted to an additional €48.1 million in 2014 (2013: €48.8 million).

Information on geographical regions

	Sales revenue (1)		Investments (2)		Non-current assets (3)		Number of employees	
	2014	2013	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m		
Euro zone	1,170.4	1,080.7	126.7	119.5	1,718.7	1,483.8	3,324	2,687
Rest of Europe	756.7	695.1	0	0.5	489.7	589.7	759	688
America	358.6	325.7	5.8	6.2	1,521.0	1,374.3	305	310
Asia-Pacific	103.4	92.8	1.0	1.4	2.2	1.6	152	126
Total of all regions	**2,389.1**	**2,194.3**	**133.5**	**127.6**	**3,731.6**	**3,449.4**	**4,540**	**3,811**
Consolidation of internal net revenue	(41.3)	(34.0)						
Group	**2,347.8**	**2,160.3**	**133.5**	**127.6**	**3,731.6**	**3,449.4**	**4,540**	**3,811**

(1) Including countries in which more than 10 per cent of sales revenue were generated: UK (2014: €600.4 million; 2013: €545.2 million), Germany (2014: €605.8 million; 2013: €575.5 million) and USA (2014: €347.6 million; 2013: €316.0 million)

(2) Excluding goodwill

(3) Including countries in which more than 10 per cent of non-current assets are carried: USA (2014: €1,521.0 million; 2013: €1,374.3 million), Germany (2014: €1,435.5 million; 2013: €1,267.4 million) and Switzerland (2014: €474.9 million; 2013: €584.4 million)

36. Financial risk management

Deutsche Börse Group presents the qualitative disclosures required by IFRS 7 in detail in the combined management report (see explanations in the risk report, which is part of the combined management report), such as the nature and extent of risks arising from financial instruments, as well as the objectives, strategies and methods used to manage risk.

Financial risks arise at Deutsche Börse Group mainly in the form of credit risk. To a smaller extent, the Group is exposed to market price risk. Financial risks are quantified using the economic capital concept (please refer to the risk report for detailed disclosures). Economic capital is assessed on a 99.98 per cent confidence level for a one-year holding period. The economic capital is compared with the Group's liable equity capital adjusted by intangible assets so as to test the Group's ability to absorb extreme and unexpected losses. The economic capital for financial risk is calculated at the end of each month and amounted to €411 million as at 31 December 2014, whereby €374 million stem from credit risk and €37 million stem from market price risk.

36. Financial risk management (Continued)

The Group evaluates its financial risk situation on an ongoing basis. In the view of the Executive Board, no threat to the continued existence of the Group can be identified at this time.

Credit risk

Credit risks arise in Deutsche Börse Group from the following items:

Credit risk of financial instruments

			Carrying amounts—maximum risk position		Collateral	
	Segment	Note	Amount as at 31 Dec 2014	Amount as at 31 Dec 2013	Amount as at 31 Dec 2014	Amount as at 31 Dec 2013
			€m	€m	€m	€m
Collateralised cash investments						
Overnight money invested under securities repurchase agreements	Eurex[1]		950.0	0	997.5	0
Reverse repurchase agreements	Eurex[1]		7,878.9	7,271.3	7,965.8[2]	7,360.9[2]
	Clearstream	16	6,952.4	6,708.7	6,955.7[3][4]	6,681.7[3][4]
	Group[1]		82.3	157.9	87.5	158.1
			15,863.6	**14,137.9**	**16,006.5**	**14,200.7**
Uncollateralised cash investments						
Money market lendings—central banks	Eurex[1]		13,790.9	9,186.7	0	0
	Clearstream	16	0	624.1	0	0
Money market lendings—other counterparties	Eurex[1]		10.0	8.3	0	0
	Clearstream	16	1,967.1	419.9	0	0
	Group[1]		12.0	12.1	0	0
Balances on nostro accounts	Clearstream	16	357.2	991.3	0	0
	Group[1]		385.4	213.2	0	0
Other fixed-income securities	Clearstream	13, 16	422.3[5]	5.5[5]	0	0
Floating rate notes	Clearstream	13, 16	1,538.6[5]	1,483.4[5]	0	0
	Group	13	5.1[6]	5.0[6]	0	0
Fund assets	Eurex	13	10.8	11.0	0	0
	Group	13	9.1	8.9	0	0
			18,508.5	**12,969.4**	**0**	**0**
Loans for settling securities transactions						
Technical overdraft facilities	Clearstream	16	338.5	487.0	n.a.[7]	n.a.[7]
Automated Securities Fails Financing[8]	Clearstream		520.4[9]	556.9[9]	607.5	711.2
ASLplus securities lending[8]	Clearstream		44,700.0	41,858.4	46,792.3	43,624.3
			45,558.9	**42,902.3**	**47,399.8**	**44,335.5**
Total			**79,931.0**	**70,009.6**	**63,406.3**	**58,536.2**

36. Financial risk management (Continued)

	Segment	Note	Carrying amounts—maximum risk position		Collateral	
			Amount as at 31 Dec 2014	Amount as at 31 Dec 2013	Amount as at 31 Dec 2014	Amount as at 31 Dec 2013
			€m	€m	€m	€m
Balance brought forward			**79,931.0**	**70,009.6**	**63,406.3**	**58,536.2**
Other receivables						
Other loans	Group		0.4	0.4	0	0
Other assets	Group	32	489.1	203.9	0	0
Trade receivables	Group		342.9	218.8	0	0
Receivables from related parties	Group		1.0	4.1	0	0
Interest receivables	Clearstream	16	1.6	2.4	0	0
			835.0	**429.6**	**0**	**0**
Financial instruments of the central counterparties			**41,814.4**(10)	**34,840.4**(10)	**55,212.6**(11)	**48,419.2**(11)
Derivatives		14	**34.4**	**0**	**0**	**0**
Financial guarantees(8)			**12.8**	**11.3**	**0**	**0**
Total			**122,627.6**	**105,290.9**	**118,618.9**	**106,955.4**

(1) Presented in the items "restricted bank balances" and "other cash and bank balances"

(2) Thereof €757.5 million repledged to central banks (2013: €732.0 million)

(3) Thereof €2,230.0 million transferred via transfer of title to central banks (2013: €4,524.2 million)

(4) Total of fair value of cash (nil; 2013: €4.7 million) and securities collateral (€6,955.7 million; 2013: €6,777.0 million) received under reverse repurchase agreements

(5) Thereof 1,875.3 million transferred to central banks (2013: €1,328.6 million)

(6) The amount includes collateral totalling €5.0 million (2013: €5.0 million).

(7) The portfolio of deposited collateral is not directly attributed to any utilisation, but is determined by the scope of the entire business relationship and the limits granted.

(8) Off-balance-sheet items

(9) Fulfills the criteria of a financial guarantee according to IAS 39

(10) Net value of all margin requirements resulting from executed trades as at the balance sheet date as well as clearing fund requirements: this figure represents the risk-oriented view of Eurex Clearing AG and European Commodity Clearing AG while the carrying amount of the position "financial instruments of the central counterparties" in the balance sheet shows the gross amount of the open trades according to IAS 32.

(11) Collateral value of cash and securities collateral deposited for margins covering net value of all margin as well as clearing fund requirements

Cash investments

Deutsche Börse Group is exposed to credit risk in connection with the investment of cash funds. The Group mitigates such risks by investing short-term funds either—to the extent possible—on a collateralised basis, e.g. via reverse repurchase agreements or by deposits with central banks.

According to the treasury policy, only highly liquid financial instruments with a minimum rating of AA – (S&P/Fitch) resp. Aa3 (Moody's) issued or guaranteed by governments or supranational institutions are eligible as collateral.

The fair value of securities received under reverse repurchase agreements (Clearstream subgroup, Eurex Clearing AG and Deutsche Börse AG) was €16,006.5 million (2013: €14,196.0 million). The Clearstream subgroup and Eurex Clearing AG are able to repledge the securities received to their central banks.

36. Financial risk management (Continued)

The fair value of securities received under reverse repurchase agreements transferred via transfer of title to central banks at Clearstream subgroup amounted to €2,230.0 million as at 31 December 2014 (2013: €4,524.2 million). As at 31 December 2014 Eurex Clearing AG has repledged securities to central banks with a fair value of €757.5 million (2013: €732.0 million). The contract terms are based on recognised bilateral master agreements.

Uncollateralised cash investments are permitted only for counterparties with sound creditworthiness within the framework of defined counterparty credit limits or in the form of investments in money market or other mutual funds as well as US treasuries and municipal bonds with maturities of less than two years. Counterparty credit risk is monitored on the basis of an internal rating system.

Part of the available-for-sale fixed-income financial instruments and floating rate notes held by Clearstream are transferred via transfer of title to central banks to collateralise the settlement facilities obtained. The fair value of transferred securities was €1,875.3 million as at 31 December 2014 (2013: €1,328.6 million).

Clearstream receives cash contributions from its customers in various currencies, and invests these cash contributions in money market investments. If negative interest rates apply for these cash investments, the interest expense is charged to the respective customers. Clearstream may, however, decide not to charge the negative interest rates to its customers in individual cases. In 2014, Clearstream decided not to charge negative interest rates which had arisen from euro denominated investments, thus contributing to the year-on-year decline in net interest income. With effect from 2 March 2015, Clearstream has decided to charge negative interest rates on euro denominated cash investments.

Eurex Clearing AG receives cash collateral from its clearing members mainly in its clearing currencies euro and Swiss francs and charges negative interest rates resulting from reinvestments on this cash collateral to its clearing members.

Loans for settling securities transactions

Clearstream grants customers technical overdraft facilities to maximise settlement efficiency. These settlement facilities are subject to internal credit review procedures. They are revocable at the option of the Clearstream subgroup and are largely collateralised. Technical overdraft facilities amounted to €96.9 billion as at 31 December 2014 (2013: €91.8 billion). Of this amount, €3.1 billion (2013: €2.7 billion) is unsecured, whereby a large proportion relates to credit lines granted to central banks and other government-backed institutions. Actual outstandings at the end of each business day generally represent a small fraction of the facilities and amounted to €338.5 million as at 31 December 2014 (2013: €487.0 million); see note 16.

Clearstream also guarantees the risk resulting from the Automated Securities Fails Financing programme it offers to its customers. This risk is collateralised. Guarantees given under this programme amounted to €520.4 million as at 31 December 2014 (2013: €556.9 million).

Under the ASLplus securities lending programme, Clearstream Banking S.A. had securities borrowings from various counterparties totalling €44,700.0 million as at 31 December 2014 (2013: €41,858.4 million). These securities were fully lent to other counterparties. Collateral received by Clearstream Banking S.A. in connection with these loans amounted to €46,792.3 million (2013: €43,624.3 million).

In 2013 and 2014, no losses from credit transactions occurred in relation to any of the transaction types described.

Other receivables

Trading, settlement and custody fees are generally collected without delay by direct debit. Fees for other services, such as the provision of data and information, are settled mainly by transfer. As a result of default by customers, receivables of €4.7 million (2013: €2.7 million) relating to fees for trading and provision of data and IT services are not expected to be collectable.

36. Financial risk management (Continued)

Financial instruments of Eurex Clearing AG and European Commodity Clearing AG (central counterparties)

To safeguard Eurex Clearing AG and European Commodity Clearing AG against the risk of default by a clearing member, the clearing conditions require the clearing members to deposit margins in the form of cash or securities on a daily basis or an intraday basis in the amount stipulated by the clearing house. Additional security mechanisms of Eurex Clearing AG and European Commodity Clearing AG are described in detail in the risk report.

The aggregate margin calls based on the executed transactions and clearing fund requirements after haircuts was €41,814.4 million at the reporting date (2013: €34,840.4 million). In fact, collateral totalling €55,212.7 million (2013: €48,419.2 million) was deposited.

Composition of collateral of the central counterparties

	Collateral value as at 31 Dec 2014	Collateral value as at 31 Dec 2013
	€m	€m
Cash collateral (cash deposits)[1]	22,278.1	16,217.6
Securities and book-entry securities collateral[2][3]	32,934.6	32,201.6
Total	**55,212.7**	**48,419.2**

(1) The amount includes the clearing fund totalling €1,729.7 million (2013: €690.6 million).

(2) The amount includes the clearing fund totalling €1,917.3 million (2013: €906.6 million).

(3) The collateral value is determined on the basis of the fair value less a haircut.

In contrast to the risk-oriented net analysis of the transactions via the central counterparties, the gross amounts are reported in the balance sheet, as the offsetting rules defined in IAS 32 cannot be met. For a detailed explanation of this balance sheet item, see "Financial instruments of the central counterparties" section in note 3 or note 15. For an analysis of the carrying amount, see note 15.

Credit risk concentrations

Deutsche Börse Group's business model and the resulting business relationships with a large part of the financial sector mean that, as a rule, credit risk is concentrated on the financial services sector. Potential concentrations of credit risk on individual counterparties are limited by application of counterparty credit limits.

The regulatory requirements on concentration risks and so called large exposures, such as those arising from articles 387–410 of regulation (EU) 575/2013 (CRR) and article 47 paragraph 8 of regulation (EU) 648/2012 (EMIR), are in general complied with.

See also note 20 for an explanation of regulatory capital requirements.

Deutsche Börse Group carries out VaR calculations in order to detect credit concentration risks. In 2014, no significant credit concentrations were assessed.

The required economic capital for credit risk is calculated for each business day and amounted to €374 million as at 31 December 2014 (2013: €311 million).

Market price risk

As part of the annual planning, the treasury policy of Deutsche Börse Group requires that any net earnings exposure from currencies be hedged through foreign exchange transactions, if the unhedged exposure of an individual currency exceeds 10 per cent of consolidated EBIT. Foreign exchange exposures below 10 per cent of consolidated EBIT may also be hedged.

During the year, the above matter is being monitored against the latest EBIT forecast.

36. Financial risk management (Continued)

In addition, the policy stipulates that intraperiod open net foreign exchange positions are closed when they exceed €15.0 million. This policy was complied with as in the previous year; as at 31 December 2014, there were no significant net foreign exchange positions.

Currency risks in the Group arise mainly from the operating results and balance sheet items of ISE, which are denominated in US dollars, plus that part of Clearstream's sales revenue and interest income less expenses which is directly or indirectly generated in US dollars. As at 31 December 2014, ISE accounted for 25 per cent of the Eurex segment's sales revenue (2013: 26 per cent). In addition, the Clearstream segment generated 9 per cent of its sales revenue and interest income (2013: 9 per cent) directly or indirectly in US dollars.

Acquisitions where payment of the purchase price results in material currency risk are generally hedged.

The Group has partially hedged its investment in ISE against foreign currency risks by issuing fixed-income US dollar debt securities. The investment in ISE (hedged item) constitutes a net investment in a foreign operation. The US dollar securities designated as hedging instruments for the net investment hedge were issued in a nominal amount of US$460.0 million.

Interest rate risks arise further from debt financing of acquisitions. The acquisition of ISE was financed through senior and hybrid debt that matured or has been called in 2013.

To refinance 2013 debt maturities Deutsche Börse AG, in October 2012 and March 2013, successfully issued senior bonds in an amount of €600 million each.

Equity price risks arise from contractual trust arrangements (CTAs) and from the Clearstream Pension Fund in Luxembourg. In addition, there are equity price risks arising from strategic equity investments in other exchange operators.

Economic capital is calculated at the end of each month for market price risks that can arise in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates as well as through fluctuations of the asset value of the CTA and the Clearstream Pension Fund in Luxembourg. On 31 December 2014, the economic capital for market price risk was €37 million (2013: €77 million). The decrease is mainly driven by the adjusted concept in the CTA. The Group has decided to let the CTA Fund be conducted on an established capital protection concept in order to reduce the market price risk.

In financial year 2014, impairment losses amounting to €3.9 million (2013: €1.6 million) were recognised in profit and loss for strategic investments that are not included in the VaR for market price risk.

Liquidity risk

For the Group, liquidity risk may arise from potential difficulties in renewing maturing financing, such as commercial paper and bilateral and syndicated credit facilities. In addition, required financing for unexpected events may result in a liquidity risk. Most of the Group's cash investments are short-term to ensure that liquidity is available, should such a financing need arise. Eurex Clearing AG remains almost perfectly matched with respect to the durations of received customer cash margins and investments which in only limited amounts may have tenors of up to one month while the Clearstream subgroup may invest customer balances up to a maximum of one year under strict control of mismatch and interest rate limits (see note 31 for an overview of the maturity structure). Term investments can be transacted via reverse repurchase agreements against highly liquid collateral that can be deposited with the central bank and can be used as a liquidity buffer in case of need.

36. Financial risk management (Continued)

Contractually agreed credit lines

Company	Purpose of credit line		Currency	Amount as at 31 Dec 2014	Amount as at 31 Dec 2013
				m	m
Deutsche Börse AG	working capital(1)	—interday	€	605.0	605.0
Eurex Clearing AG	settlement	—interday	€	670.0	670.0
	settlement	—intraday	€	700.0	700.0
	settlement	—interday	CHF	200.0	200.0
Clearstream Banking S.A.	working capital(1)	—interday	€	750.0	750.0

(1) €400.0 million of Deutsche Börse AG's working capital credit lines is a sub-credit line of Clearstream Banking S.A.'s €750.0 million working capital credit line.

For refinancing purposes, Eurex Clearing AG and the Clearstream subgroup can pledge eligible securities with their respective central banks on an intraday or overnight basis.

Clearstream Banking S.A. has a bank guarantee (letter of credit) in favour of Euroclear Bank S.A./N.V. issued by an international consortium to secure daily deliveries of securities between Euroclear Bank S.A./ N.V. and Clearstream Banking S.A. This guarantee amounted to US$ 3.0 billion as at 31 December 2014 (2013: US$2.8 billion). Euroclear Bank S.A./N.V. has also issued a guarantee in favour of Clearstream Banking S.A. amounting to US$ 2.5 billion (2013: US$2.3 billion).

Furthermore, Eurex Clearing AG holds a credit facility of US$2.1 billion (2013: US$2.1 billion) granted by Euroclear Bank S.A./N.V. in order to maximise the settlement efficiency.

A commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies. As at year-end, commercial paper with a nominal value of €60.0 million has been issued (2013: €100.0 million). Clearstream Banking S.A. also has a commercial paper programme with a programme limit of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2014, commercial paper with a nominal value of €193.2 million had been issued (2013: €194.1 million).

The rating agencies Fitch and Standard & Poor's confirmed the existing credit ratings of the Group companies in the course of the financial year. In August 2014, Standard & Poor's confirmed Deutsche Börse AG's "AA" credit rating and changed the outlook from negative to stable in light of the Group's adjusted dividend policy and the improvement in structural growth prospects. In October 2014, Fitch Ratings affirmed Clearstream Banking S.A.'s rating at "AA" with a stable outlook. For further details on the rating of Deutsche Börse Group, see the "Financial position" section in the combined management report.

As at 31 December 2014, Deutsche Börse AG was one of only two DAX-listed companies that had been given an AA rating by Standard & Poor's. As at 31 December 2014, Deutsche Börse AG's commercial paper programme was awarded the best possible short-term rating of A-1+.

37. Financial liabilities and other risks

For the coming financial years, the Group's expenses in connection with long-term contracts relating to maintenance contracts and other contracts (without rental and lease agreements, see note 38) are presented in the following:

Breakdown of future financial obligations

	31 Dec 2014	31 Dec 2013
	€m	€m
Up to 1 year	59.0	51.7
1 to 5 years	97.2	74.8
More than 5 years	25.5	13.2
Total	**181.7**	**139.7**

Other litigation and liability risks

Contingent liabilities may result from present obligations and from possible obligations from events in the past. Deutsche Börse Group recognises provisions for the possible incurrence of losses only if there is a present obligation from an event in the past which is likely to cause an outflow of resources and if it is possible to reliably estimate the amount of such obligation (see also note 3). In order to determine for which proceedings the possibility of incurring a loss is more than unlikely as well as how the possible loss is estimated, Deutsche Börse Group takes into account a multitude of factors, including the nature of the claim and the facts on which it is based, the jurisdiction and course of the individual proceedings, the experience of Deutsche Börse Group, prior settlement talks (as far as have already taken place) as well as reports and evaluations of legal advisors. However, it is possible that a reliable estimate for a given proceedings could not be determined before the release of the consolidated financial statements, and that—as a result—no provisions are recognised.

Peterson vs Clearstream Banking S.A., Citibank NA et al. ("Peterson I") and Heiser vs Clearstream Banking S.A.

In its corporate report 2012, Deutsche Börse Group informed about proceedings initiated by various plaintiffs seeking turnover of certain customer positions held in Clearstream Banking S.A.'s (Clearstream) securities omnibus account with its US depository bank, Citibank NA, and asserting direct claims against Clearstream for damages of US$250 million. That matter was settled between Clearstream and the plaintiffs and the direct claims against Clearstream were dismissed.

In July 2013, the US court ordered turnover of the customer positions to the plaintiffs, ruling that these were owned by Bank Markazi, the Iranian central bank. Bank Markazi appealed, and the decision was affirmed on 9 July 2014. On 29 December 2014, Bank Markazi filed a petition for review in the U.S. Supreme Court. Once that process is complete, if the funds are turned over, a related case, Heiser vs Clearstream Banking S.A., also seeking turnover of the same assets, will be dis-missed.

Peterson vs Clearstream Banking S.A. ("Peterson II")

On 30 December 2013, a number of US plaintiffs from Peterson I, as well as other US plaintiffs, filed a complaint targeting certain blocked assets that Clearstream Banking S.A. holds as a custodian in Luxembourg. The defendants in this action, including Clearstream Banking S.A., have moved to dismiss the case. On 19 September 2014, the US court heard argument on some of these motions. On 19 February 2015, the US court issued a decision dismissing the lawsuit. Plaintiffs have the right to appeal the decision to the competent US court of appeals.

Criminal investigations against Clearstream Banking S.A.

On 2 April 2014, Clearstream Banking S.A. (Clearstream) was informed that the United States Attorney for the Southern District of New York has opened a grand jury investigation of Clearstream's conduct with respect to Iran and other countries subject to US sanction laws. Clearstream is cooperating with the investigation.

37. Financial liabilities and other risks (Continued)

Dispute between MBB Clean Energy AG and end investors

A dispute has arisen between MBB Clean Energy AG (MBB), the issuer of a bond eligible in Clearstream Banking AG, and end investors. MBB issued a first tranche of the bond in April 2013 and a second tranche of the bond in December 2013. The global certificates for the two tranches of the bond were delivered into Clearstream Banking AG by the paying agent of the issuer. The dispute relates to the non-payment of the second tranche of the bond with a nominal value of €500 million and the purported lack of validity of the bond. Clearstream Banking AG's role in this case is primarily to have accepted the note in its system as central security depository. At this stage it is unclear if and to what extent potential damages exist and if so who would ultimately be responsible. MBB, the relevant paying agent and Clearstream Banking AG have agreed on replacing the bond with a global certificate with a new ISIN for so-called qualified investors.

CBOE vs ISE

On 12 November 2012, the Chicago Board Options Exchange (CBOE) filed a patent infringement law suit against the International Securities Exchange (ISE) (the "CBOE Litigation"). In the CBOE Litigation, CBOE alleges US$525 million in damages for infringement of three patents, which relate to systems and methods for limiting market-maker risk. ISE believes that CBOE's damages claim lacks merit because it is unsupported by the facts and the law. ISE intends to vigorously defend itself in this lawsuit. Upon ISE's motion, the case was stayed, pending the outcome of certain petitions filed by ISE with the U.S. Patent and Trademark Office (USPTO) in which ISE seeks to invalidate the CBOE patents. On 2 March 2015 the USPTO has partially granted ISE's petitions and has issued decisions determining that all three CBOE patents are at least insofar invalid as they constitute unpatentable abstract ideas. These decisions can be appealed by CBOE at the U.S. Court of Appeals for the Federal Circuit.

In addition to the matters described above and in prior disclosures, Deutsche Börse Group is from time to time involved in various legal proceedings that arise in the ordinary course of its business. The Group recognises provisions for litigation and regulatory matters when it has a present obligation from an event in the past, an outflow of resources with economic benefit to settle the obligation is probable and it is possible to reliably estimate the amount. In such cases, there may be an exposure to loss in excess of the amounts accrued. When these conditions are not met, the Group does not recognise a provision. As a litigation or regulatory matter develops, Deutsche Börse Group evaluates on an ongoing basis whether the requirements to recognise a provision are met. The Group may not be able to predict what the eventual loss or range of loss related to such matters will be. The Group does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its financial statements as a whole.

Other liability risks

On 27 February 2015, the International Securities Exchange, LLC made an additional investment of US$30 million in The Options Clearing Corporation (OCC) as part of their plan to fund increased regulatory capital requirements. Following this investment, the International Securities Exchange, LLC will retain its 20 per cent ownership in OCC and will be entitled to a share of profits distributed as dividends. Prior to this additional investment, OCC refunded excess revenues to its clearing members with no income distributed to shareholders. The International Securities Exchange, LLC has also committed to a capital replenishment plan which provides up to an additional US$40 million of funding in the event that OCC regulatory capital is depleted due to losses other than from the clearing fund.

Tax risks

Due to its business activities in various countries, Deutsche Börse Group is exposed to tax risks. A process has been developed to recognise and evaluate these risks, which—in the first place—are recognised depending on the probability they will arise. In a second step, these risks are measured on the basis of their expected value. In case it is more probable than not that the risks will arise, a tax provision is recognised. Deutsche Börse Group continuously reviews if the preconditions for the recognition of corresponding tax provisions are met.

38. Leases

Finance leases

There were no minimum lease payments from finance leases for Deutsche Börse Group neither as at 31 December 2014 nor as at 31 December 2013.

Operating leases (as lessee)

Deutsche Börse Group has entered into leases to be classified as operating leases due to their economic substance, meaning that the leased asset is allocated to the lessor. These leases relate mainly to buildings, IT hardware and software.

Minimum lease payments from operating leases(1)

	31 Dec 2014	31 Dec 2013
	€m	€m
Up to 1 year	60.5	61.0
1 to 5 years	192.4	160.0
More than 5 years	185.6	225.3
Total	**438.5**	**446.3**

(1) The expected payments in US dollars were each translated into euros applying the closing rate of 31 December.

In the year under review, €59.9 million (2013: €65.5 million) of minimum lease payments was recognised as an expense. No expenses were incurred for subleases or contingent rentals in the year under review.

Operating leases for buildings, some of which are subleased, have a maximum remaining term of twelve years. The lease contracts usually terminate automatically when the lease expires. The Group has options to extend some leases.

Rental income expected from sublease contracts(1)

	31 Dec 2014	31 Dec 2013
	€m	€m
Up to 1 year	1.1	1.3
1 to 5 years	1.1	0.3
Total	**2.2**	**1.6**

(1) The expected payments in US dollars were each translated into euros applying the closing rate of 31 December.

39. Share-based payment

Stock Bonus Plan (SBP)

In the year under review, the company established an additional tranche of the SBP. In order to participate in the SBP, a beneficiary must have earned a bonus. The number of stock options for senior executives is determined by the amount of the individual and performance-based SBP bonus for the financial year, divided by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the fourth quarter of the financial year in question. Neither the converted SBP bonus nor the stock options will be paid at the time the bonus is determined. Rather, the entitlement is generally received two or three years after having been granted (so-called "waiting period"). Within this period, beneficiaries cannot assert shareholder rights (in particular, the right to receive dividends and attend the Annual General Meeting). Once they have met the condition of service, the beneficiaries' claims resulting from the SBP are calculated on the first trading day following the last day of the waiting period. The current market price at that date (closing auction price of Deutsche Börse share in electronic trading on the Frankfurt Stock Exchange) is multiplied by the number of SBP shares.

39. Share-based payment (Continued)

A new SBP programme was launched in April 2013 for members of the executive board of Eurex Clearing AG. This programme has a three-year waiting period from the grant date. This SBP tranche is measured using the same parameters as the Share Bonus Plan for senior executives.

For the stock bonus of senior executives under the 2012 to 2014 tranches, Deutsche Börse AG has an option whether to settle a beneficiary's claim in cash or shares. The company settled the 2012 tranche claims in cash in February 2015. A cash settlement obligation exists for claims relating to the stock bonus of the Executive Board since the 2010 tranche and the stock plan for the executive board members of the Clearstream companies since the 2011 tranche.

Since 1 January 2010, a different method has been applied to calculate the number of stock options for Members of the Executive Board of Deutsche Börse AG. The method is described below.

To calculate the number of stock options for Executive Board members under a SBP tranche, the Supervisory Board defines the 100 per cent stock bonus target in euros for each Executive Board member at the beginning of each financial year. Based on the 100 per cent stock bonus target defined by the Supervisory Board at the beginning of each financial year, the corresponding number of virtual shares for each Executive Board member is calculated by dividing the stock bonus target by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the two calendar months preceding the month in which the Supervisory Board adopts the resolution on the stock bonus target. Any right to payment of a stock bonus vests only after a performance period of three years. The year in which the 100 per cent stock bonus target is defined is taken to be the first performance year.

The calculation of the subsequent payout amount of the stock bonus for the Executive Board depends on the development of two performance factors during the performance period: firstly, on the relative performance of the total shareholder return (TSR) on Deutsche Börse AG's shares compared with the total shareholder return of the STOXX Europe 600 Financials Index as the peer group, and secondly, on the performance of Deutsche Börse AG's share price. This is multiplied by the number of virtual shares at the end of the performance period to determine the stock bonus. The share price used to calculate the cash payment claims of Executive Board members from the stock bonus is calculated as the average price of Deutsche Börse AG's shares (Xetra closing price) in the two full calendar months preceding the end of the performance period.

Stock Plan

On 20 April 2009, the Luxembourgian Commission de Surveillance du Secteur Financier (CSSF) published a circular on remuneration policies in the banking sector that addresses key aspects of remuneration practices for sustainable corporate governance and supports their implementation in banking institutions' day-to-day operations. According to this circular, every banking institution is required to introduce a remuneration policy that is in harmony with its business strategy and corporate goals and values as well as the long-term interests of the financial enterprise, its customers and investors, and which minimises the institution's risk position. Clearstream companies in Luxembourg have therefore revised their remuneration system for executive boards in line with the circular, and introduced a so-called stock plan. The stock plan stipulates the allocation of a stock bonus at the end of each financial year, which will be paid in three tranches of equal size with maturities of one, two or three years after the grant date. Claims under the stock plan have to be cash-settled if the performance targets already agreed in the year in which the targets were specified are met, irrespective of any condition of service.

The number of stock options under the stock plan is determined by the amount of the individual, performance-based bonus established for each Executive Board member, divided by the average market price (Xetra closing price) for Deutsche Börse AG shares in the fourth quarter of the financial year in question. As the contracts require the stock bonus to be exercised gradually, it is divided into three separate tranches, which are measured according to their respective residual term using the corresponding parameters of the Stock Bonus Plan for senior executives. This programme ended with the financial year 2013.

39. Share-based payment (Continued)

Evaluation of the Stock Bonus Plan (SBP) and the Stock Plan

In accordance with IFRS 2, the company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the stock options.

Valuation parameters for SBP shares

Term		Tranche 2014 31 May 2015–31 Jan 2018	Tranche 2013[(1)] 31 Jan 2015–31 Jan 2017	Tranche 2012[(1)] 31 Jan 2015–31 Jan 2016	Tranche 2011 31 Jan 2015
Risk-free interest rate	%	(0.14) to (0.06)	(0.14) to (0.10)	(0.14) to (0.10)	(0.14)
Volatility of Deutsche Börse AG shares	%	19.65 to 22.24	19.90 to 27.83	19.90 to 27.83	27.83
Dividend yield	%	3.55	3.55	3.55	3.55
Exercise price	€	0	0	0	0

(1) The SBP 2012 and 2013 tranches also include SBP options of the Stock Plan for the executive board members of the Luxembourgian companies and SBP options of the 2013 tranche for the members of the Executive Board of Eurex Clearing AG. These options are evaluated using different parameters.

The valuation model does not take into account exercise hurdles. The volatilities applied correspond to the market volatilities of comparable options with comparable maturities.

Valuation of SBP shares

Tranche	Balance as at 31 Dec 2014	Deutsche Börse AG share price as at 31 Dec 2014	Intrinsic value/ option as at 31 Dec 2014	Fair value/ option as at 31 Dec 2014	Settlement obligation	Current provision as at 31 Dec 2014	Non-current provision as at 31 Dec 2014
	Number	€	€	€	€m	€m	€m
2011	6,695	59.22	59.22	59.04	0.4	0.4	0
2012	132,383	59.22	59.22	57.02–59.04	7.8	7.3	0.2
2013	150,476	59.22	59.22	55.06–59.04	8.3	1.1	3.9
2014	89,239[(1)]	59.22	59.22	53.18–54.74	4.9	0.6	1.0
Total	**378,793**				**21.4**	**9.4**	**5.1**

(1) As the grant date for the 2014 tranche for senior executives is not until financial year 2015, the number indicated for the balance sheet date may change subsequently.

The stock options from the 2011 SBP tranche were exercised in the year under review following expiration of the vesting period. The average exercise price for the 2011 tranche following expiration of the vesting period was €57.51. Shares of the SBP tranches 2012 and 2013 were paid to former employees as part of severance payments in the reporting year. The average exercise price amounted to €56.66 for the 2012 tranche, €56.87 for the 2013 tranche. The average price for forfeited stock options amounted to €58.35 for the 2011 tranche, €29.08 for the 2012 tranche and €17.51 for the 2013 tranche.

The amount of provisions for the SBP results from the measurement of the number of SBP shares with the fair value of the closing auction price of Deutsche Börse shares in electronic trading at the Frankfurt Stock Exchange as at the balance sheet date and its proportionate recognition over the vesting period.

Provisions for the SBP and the Stock Plan amounting to €14.5 million were recognised as at the balance sheet date of 31 December 2014 (31 December 2013: €18.2 million). Of the provisions, €7.7 million were attributable to members of the Executive Board (2013: €7.3 million). The total cost of the SBP shares in the year under review was €6.5 million (2013: €13.2 million). Of that amount, an expense of €3.8 million was attributable to members of the Executive Board active at the balance sheet date (2013: €6.1 million). For the number of SBP shares granted to members of the Executive Board, please also refer to the remuneration report.

39. Share-based payment (Continued)

Change in number of SBP shares allocated

	Balance as at 31 Dec 2013	Additions/ (disposals) Tranche 2011	Additions/ (disposals) Tranche 2012	Additions/ (disposals) Tranche 2013	Additions Tranche 2014	Fully settled cash options	Options forfeited	Balance as at 31 Dec 2014
To the Executive Board[1]	200,887	(4,158)[2]	(3,896)[2]	(2,538)[2]	67,236	57,094	0	200,437
To other senior executives	275,939	6,878	287	(5,684)	22,003	120,719	348	178,356
Total	**476,826**	**2,720**	**(3,609)**	**(8,222)**	**89,239[3]**	**177,813**	**348**	**378,793**

(1) Including the rights to shares of the 2011 and 2012 tranches of a former Executive Board member

(2) This relates to a decrease in the number of SBP shares caused by a decrease in the TSR compared to the 100 per cent value at the time the respective tranche was issued.

(3) As the grant date for the 2014 tranche for senior excecutives is not until financial year 2015, the number indicated as at the balanace sheet date may change subsequently.

Long-term Sustainable Instrument (LSI)

As at 1 January 2014, Deutsche Börse Group has introduced another share-based payment programme. The programme meets the requirements of regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013. This regulation had been implemented through the amendments to the supervisory requirements for the remuneration systems of institutions laid down in the Institutsvergütungsverordnung (InstitutsVergV, German Remuneration Regulation for Institutions), effective 16 December 2013, and translated into German law with the Kreditwesengesetz (KWG, German Banking Act). The aim of this regulation is to align the corporate goals even more closely with remuneration, especially in the banking sector, and thus to ensure the goals are more sustainable.

The remuneration model requires that at least half of the variable remuneration is settled in cash and half in shares of Deutsche Börse AG (LSI shares). A portion of the variable remuneration is paid in the subsequent year and another portion over a further period of three or four years.

The number of LSI shares is calculated by dividing the proportionate LSI bonus of the respective year by the average closing price of Deutsche Börse AG shares in the last month of a financial year. This results in individual LSI tranches for the LSI bonus, which have maturities of between one and up to five years. Payment of each tranche is made after a vesting period of one year. The remuneration system does not stipulate any condition of service. Following the expiry of the vesting period, the LSI shares are measured on the basis of the average closing price of Deutsche Börse AG shares in the last month preceding the end of the vesting period. Settlement is generally made in cash, although the employer has the right to settle by delivering Deutsche Börse AG shares.

In accordance with IFRS 2, the company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the LSI shares.

Valuation parameters for LSI shares

		Tranche 2014
Term		31 Mar 2016–31 Mar 2020
Risk-free interest rate	%	(0.10–0.12)
Volatility of Deutsche Börse AG shares	%	19.36–26.40
Dividend yield	%	3.55
Exercise price	€	0

The valuation model does not take into account exercise hurdles. The volatilities applied correspond to the market volatilities of comparable options with comparable maturities.

39. Share-based payment (Continued)

Valuation of LSI shares

	Balance as at 31 Dec 2014	Deutsche Börse AG share price as at 31 Dec 2014	Intrinsic value/option as at 31 Dec 2014	Fair value/option as at 31 Dec 2014	Settlement obligation	Current provision as at 31 Dec 2014	Non-current provision as at 31 Dec 2014
	Number	€	€	€	€m	€m	€m
Tranche 2014	47,821[(1)]	59.22	59.22	49.74–57.18	2.6	0	2.6
Total	**47,821**				**2.6**	**0**	**2.6**

(1) As the grant date for the 2014 tranche is partially not until the financial years 2015 to 2019, the number indicated as at the balance sheet date may change subsequently.

The amount of provisions for the Long-term Sustainable Instrument results from the measurement of the number of LSI shares at the fair value of the closing auction price of Deutsche Börse shares in electronic trading at the Frankfurt Stock Exchange as at the balance sheet date.

Provisions classified as non-current amounting to €2.6 million were recognised as at 31 December 2014 (31 December 2013: nil). Because of the additions, the total cost of the LSI shares in the year under review corresponds to the amount of provisions recognised as at the balance sheet date.

Change in number of LSI shares allocated

	Balance as at 31 Dec 2013	Additions Tranche 2014	Fully settled cash options	Options forfeited	Balance as at 31 Dec 2014
To other senior executives	0	47,821	0	0	47,821
Total	**0**	**47,821[(1)]**	**0**	**0**	**47,821**

(1) As the grant date for the 2014 tranche is partially not until the financial years 2015 to 2019, the number indicated as at the balance sheet date may change subsequently.

Group Share Plan (GSP)

Employees of Deutsche Börse Group who are not members of the Executive Board or senior executives have the opportunity to subscribe for shares of Deutsche Börse AG at a discount of 30 or 40 per cent to the issue price under the Group Share Plan (GSP). This discount is based on the employee's length of service. Under the 2014 GSP tranche, eligible employees were able to buy up to 100 shares of the company. The purchased shares must be held for at least two years.

In the year under review, an expense totalling €1.6 million (2013: €1.3 million) was recognised in staff costs for the Group Share Plan.

40. Executive bodies

The members of the company's executive bodies are listed in the "Executive Board" and "Super-visory Board" chapters of this corporate report.

41. Corporate governance

On 9 December 2014, the Executive and Supervisory Boards issued the latest version of the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, the German Stock Corporation Act) and made it permanently available to shareholders on the company's website (see also chapter corporate governance declaration).

42. Related party disclosures

Related parties as defined by IAS 24 are members of the executive bodies of Deutsche Börse AG and the companies classified as associates of Deutsche Börse AG and other investors, and companies that are controlled or significantly influenced by members of the executive bodies.

The remuneration of the individual members of the Executive and Supervisory Boards is presented in the remuneration report. The remuneration report is a component of the combined management report.

Executive Board

In 2014, the fixed and variable remuneration of the members of the Executive Board, including non-cash benefits, amounted to a total of €13.7 million (2013: €13.3 million).

In 2014, €5.1 million for non-recurring termination benefits for an Executive Board member as well as €0.6 million resulting from the shortened term of Stock Bonus Plan tranches were recognised in the consolidated income statement (2013: nil).

The actuarial present value of the pension obligations to Executive Board members was €25.4 million at 31 December 2014 (2013: €25.7 million). Expenses of €1.3 million (2013: €2.6 million) were recognised as additions to pension provisions.

Former members of the Executive Board or their surviving dependents

The remuneration paid to former members of the Executive Board or their surviving dependents amounted to €2.2 million in 2014 (2013: €1.9 million). The actuarial present value of the pension obligations was €64.5 million at 31 December 2014 (2013: €54.0 million).

Supervisory Board

The aggregate remuneration paid to members of the Supervisory Board in financial year 2014 was €2.3 million (2013: €2.2 million).

Material transactions with related parties

The following table shows the other material transactions with companies classified as related parties. All transactions were effected on an arm's length basis.

42. Related party disclosures (Continued)

Material transactions with associates

	Amount of the transactions		Outstanding balances	
	2014	2013	31 Dec 2014	31 Dec 2013
	€m	€m	€m	€m
Services of Deutsche Börse AG for Börse Frankfurt Zertifikate AG (until 1 Nov 2013 Scoach Europa AG)[1]	n.a.	2.5	n.a.	n.a.
Loans from Deutsche Börse AG to Indexium AG	0.3	0.2	0.1[2]	0
Loans from Deutsche Börse AG to Digital Vega FX Ltd.	0	0	0.4	0.3
Operation of trading and clearing software by Deutsche Börse AG for European Energy Exchange AG and affiliates[3]	n.a.	9.7	n.a.	2.4
IT services and provisions of infrastructure by International Securities Exchange, LLC for Direct Edge Holdings, LLC[4]	n.a.	0.5	n.a.	0
Development and operation of the Link-up Converter system by Clearstream Services S.A. for Link-up Capital Markets, S.L.[5]	n.a.	1.2	n.a.	0.1
Transactions within the framework of gold under custody between Clearstream Banking AG and Deutsche Börse Commodities GmbH	(3.4)	(4.0)	(0.3)	(0.3)
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for Deutsche Börse AG by Indexium AG	(5.0)[6]	(2.7)	(1.1)[6]	(0.4)
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for STOXX Ltd. by Indexium AG	(2.7)[7]	(4.3)	1.1[7]	(0.9)
Operation and development of Xontro by Deutsche Börse AG for BrainTrade Gesellschaft für Börsensysteme mbH[8]	5.3	1.9	0.2	0.4
Operation of the floor trading system by BrainTrade Gesellschaft für Börsensysteme mbH for Deutsche Börse AG[8]	(1.1)	(1.7)	0.1	0
Provision of IT services in the Cloud Computing Capacity Trading area for Deutsche Börse Cloud Exchange AG by Deutsche Börse AG	0.6	n.a.	0	n.a.
Licence of operating and trading for Tradegate AG Wertpapier-handelsbank by Deutsche Börse AG	0.7	n.a.	0	n.a.
Provision of management services and charging-on of project costs (Market Coupling) for EPEX Spot SE by European Energy Exchange AG and affiliates[9]	1.5	n.a.	0.1	n.a.
Provision of services by Hanweck Associates, LLC for Eurex Frankfurt AG within a project agreement	(0.1)	n.a.	(0.1)	n.a.

(1) Börse Frankfurt Zertifikate AG and Börse Frankfurt Zertifikate Holding S.A. have been fully included in Deutsche Börse AG's consolidated financial statement since 1 July 2013.

(2) Outstanding balance after impairment losses of € 5.5 million on the loan granted to Indexium AG by Deutsche Börse AG.

(3) European Energy Exchange AG has been fully included in Deutsche Börse AG's consolidated financial statement since 1 January 2014.

(4) Following completion of the merger agreement between Direct Edge Holdings, LLC and BATS Global Markets, Inc. on 31 January 2014, it is no longer possible to exercise significant influence over Direct Edge Holdings, LLC; the company is therefore no longer classified as an associate.

(5) Shares in Link-Up Capital Markets, S.L. were sold effective 31 December 2013.

(6) Thereof provisions for development costs amounting to €1.1 million

(7) Thereof provisions for development costs amounting to €0.3 million

42. Related party disclosures (Continued)

(8) BrainTrade Gesellschaft für Börsensysteme mbH has been an associate since 1 July 2013.

(9) Following the consolidation of European Energy Exchange AG on 1 January 2014, EPEX Spot SE is included as an associate in the consolidated financial statements.

Material transactions with joint ventures

In December 2014, Bondcube Limited and Deutsche Börse AG have concluded a loan agreement in the amount of £2.6 million. The loan will be paid in tranches from January 2015 onwards.

Transactions with key management personnel

Key management personnel are persons who directly or indirectly have authority and responsibility for planning, directing and controlling the activities of Deutsche Börse Group. The Group defines the members of the Executive Board and the Supervisory Board as key management personnel for the purposes of IAS 24.

As at the end of financial year 2014, the agreement between International Securities Exchange, LLC, New York, USA, and Mayer Brown LLP, Washington, USA, to source advisory services, which had been entered into for a one-year period effective 1 June 2014, no longer met the disclosure requirements for transactions with key management personnel.

On 30 July 2009, European Commodity Clearing Luxembourg S.à r.L., Luxembourg, (ECC Luxembourg)—a subsidiary of European Commodity Clearing AG and therefore a member of the EEX group—entered into a managing director agreement with ffp Conseils SARL, Metz, France, for an indefinite period. The subject of the agreement is to provide a natural person for the function of managing director in the management of ECC Luxembourg. In addition to his position as managing director of ECC Luxembourg, this person is also a member of the key personnel at the parent company of ffp Conseils SARL, pmi Bera-tung GmbH. In financial year 2014, ECC Luxembourg made payments of approximately €62 thousand for these managing director services.

Moreover, an agreement for the provision of advisory services was entered into between Deutsche Börse AG and KM Networks GmbH, Hofheim, Germany, in financial year 2014. A supervisory board member of European Energy Exchange AG is at the same time a member of the key personnel at the consultancy firm KM Networks. Payments of €3 thousand were made in connection with these advisory services in financial year 2014.

In financial year 2014, the employee representatives on Deutsche Börse AG's Supervisory Board received salaries (excluding Supervisory Board remuneration) amounting to €0.7 million (2013: €0.7 million). The total consists of the respective total gross amounts for those employee represen-tatives who drew salaries from Deutsche Börse AG in the year under review.

43. Shareholders

Section 160 (1) no. 8 of the Aktiengesetz (AktG, German Stock Corporation Act) requires disclosure of the existence of long-term investments that have been notified to the entity in accordance with section 21 (1) or section 21 (1a) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act). The following table provides an overview of the disclosable investments as at 4 March 2015 that had been notified to the company. The information was taken in all cases from the most recent notifications provided by disclosers to the company. All notifications provided by the company concerning disclosure of investments in the year under review and thereafter until 4 March 2015 are accessible on www.deutsche-boerse.com/ir_news. Please note that the information with regard to the percentages and voting rights held under these long-term investments may no longer be up to date.

43. Shareholders (Continued)

The company received the following notifications pursuant to section 21 of the WpHG:

Discloser	Domicile and country in which the domicile or place of residence of the discloser is located	Date investment reached, exceeded or fell below threshold	Over-/under-stepping (+/−)	Reporting threshold (%)	Attribution in accordance with sections 22, 25 and 25a of the WpHG	Investment (%)	Investment (voting rights)
Deutsche Börse AG	Frankfurt/Main, Germany	17 Feb 2012	+	3.00	n.a.	4.94	9,533,068
Baillie Gifford & Co	Edinburgh, Scotland	22 Aug 2014	+	3.00		3.00	5,798,681
					section 22 (1) sentence 1 no. 6 of the WpHG	1.43	2,765,190
					section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	1.57	3,033,491
BlackRock Advisors Holdings, Inc.	New York, USA	1 Dec 2009	+	3.00	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.35	6,526,163
BlackRock Financial Management, Inc.	New York, USA	20 Feb 2015	+	5.00		5.03(1)	9,698,683(1)
					section 22 (1) sentence 1 no. 1 of the WpHG	2.55	4,915,364
					section 22 (1) sentence 1 no. 2 in conjunction with section 22 (1) sentence 2 of the WpHG	0.02	42,927
					section 22 (1) sentence 1 no. 6 of the WpHG	0.01	28,192
					section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.84	5,476,456
BlackRock Group Limited	London, United Kingdom	7 Dec 2012	+	3.00	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.00	5,790,525
BlackRock Holdco 2, Inc.	Wilmington, USA	16 Feb 2015	+	5.00		5.02(1)	9,697,520(1)
					section 22 (1) sentence 1 no. 1 of the WpHG	2.57	4,950,941
					section 22 (1) sentence 1 no. 2 in conjunction with section 22 (1) sentence 2 of the WpHG	0.02	40,698
					section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.83	5,471,170
BlackRock, Inc.	New York, USA	11 Feb 2015	+	5.00		5.01(1)	9,664,428(1)
					section 22 (1) sentence 1 no. 1 of the WpHG	2.57	4,964,825
					section 22 (1) sentence 1 no. 2 in conjunction with section 22 (1) sentence 2 of the WpHG	0.02	34,722
					section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.81	5,424,194
BlackRock International Holdings, Inc.	New York, USA	2 Aug 2012	+	3.00	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.58	6,981,055
BR Jersey International Holdings, L.P.	St. Helier, Jersey, Channel Islands	8 Feb 2012	+	3.00	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.58	6,981,055
Capital Research and Management Company	Los Angeles, USA	30 July 2013	+	3.00	section 22 (1) sentence 1 no. 6 of the WpHG	3.02	5,833,924
Commerzbank Aktiengesellschaft	Frankfurt/Main, Germany	23 May 2013	−	5.00		0.67	1,289,167
					sections 21, 22 of the WpHG	0.03	50,367
					section 25a of the WpHG	0.64	1,238,800
Credit Suisse AG	Zurich, Switzerland	19 May 2014	−	5.00		3.78	7,291,778
					sections 21, 22 of the WpHG	0.06	114,720
					section 25 of the WpHG	1.71	3,291,128
					section 25a of the WpHG	2.01	3,885,930
Credit Suisse Group AG	Zurich, Switzerland	19 May 2014	−	5.00		3.78	7,291,778
					sections 21, 22 of the WpHG	0.06	114,720
					section 25 of the WpHG	1.71	3,291,128
					section 25a of the WpHG	2.01	3,885,930
Credit Suisse Investment Holdings UK	London, United Kingdom	19 May 2014	−	5.00		3.37	6,495,641
					section 25 of the WpHG	1.38	2,672,511
					section 25a of the WpHG	1.98	3,823,130
Credit Suisse Investments UK	London, United Kingdom	19 May 2014	−	5.00		3.37	6,495,641
					section 25 of the WpHG	1.38	2,672,511
					section 25a of the WpHG	1.98	3,823,130
Credit Suisse Securities (Europe) Limited	London, United Kingdom	19 May 2014	−	5.00		3.37	6,495,641
					section 25 of the WpHG	1.38	2,672,511
					section 25a of the WpHG	1.98	3,823,130
Dodge & Cox	San Francisco, USA	16 May 2014	+	3.00	§ 22 Abs. 1 Satz 1 Nr. 6 WpHG	3.10	5,988,382
Dodge & Cox International Stock Fund	San Francisco, USA	16 May 2014	+	3.00	section 21 (1) of the WpHG	3.10	5,984,482
Invesco Limited	Hamilton, Bermuda	17 Nov 2014	−	5.00	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	4.98	9,618,440
Morgan Stanley	Wilmington, USA	21 May 2013	−	5.00		4.11	7,926,928
					sections 21, 22 of the WpHG	0.23	448,039
					section 25 of the WpHG	0.25	489,195
					section 25a of the WpHG	3.62	6,989,694
Morgan Stanley International Holdings Inc.	Wilmington, USA	21 May 2013	−	5.00		4.01	7,734,733
					sections 21, 22 of the WpHG	0.21	403,568
					section 25 of the WpHG	0.18	341,471
					section 25a of the WpHG	3.62	6,989,694
Morgan Stanley International Limited	London, United Kingdom	21 May 2013	−	5.00		3.70	7,138,902
					sections 21, 22 of the WpHG	0.21	403,568
					section 25a of the WpHG	3.49	6,735,334

43. Shareholders (Continued)

Discloser	Domicile and country in which the domicile or place of residence of the discloser is located	Date investment reached, exceeded or fell below threshold	Over-/under-stepping (+/−)	Reporting threshold (%)	Attribution in accordance with sections 22, 25 and 25a of the WpHG	Investment (%)	Investment (voting rights)
Morgan Stanley Group Europe	London, United Kingdom	21 May 2013	−	5.00		3.70	7,138,902
					sections 21, 22 of the WpHG	0.21	403,568
					section 25a of the WpHG	3.49	6,735,334
Morgan Stanley UK Group	London, United Kingdom	21 May 2013	−	5.00		3.70	7,138,902
					sections 21, 22 of the WpHG	0.21	403,568
					section 25a of the WpHG	3.49	6,735,334
Morgan Stanley & Co International Plc	London, United Kingdom	21 May 2013	−	5.00		3.70	7,138,902
					sections 21, 22 of the WpHG	0.21	403,568
					section 25a of the WpHG	3.49	6,735,334
The Capital Group Companies	Los Angeles, USA	30 July 2013	+	3.00	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 and sentence 3 of the WpHG	3.12	6,026,923
UBS AG	Zurich, Switzerland	20 May 2014	−	5.00		4.60	8,882,666
					sections 21, 22 of the WpHG	2.52	4,865,398
					section 25 of the WpHG	1.39	2,687,268
					section 25a of the WpHG	0.69	1,330,000

(1) The total amount does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure.

44. Employees

Employees

	2014	2013
Average number of employees during the year	4,183	3,751
Employed as at the balance sheet date	4,540	3,811
Employees (average annual FTEs)	3,911	3,515

Of the average number of employees during the year, 23 (2013: 19) were classified as Managing Directors (excluding Executive Board members), 357 (2013: 354) as senior executives and 3,803 (2013: 3,378) as employees.

There was an average of 3,911 full-time equivalent (FTE) employees during the year (2013: 3,515). Please refer also to the "Employees" section in the combined management report.

45. Events after the balance sheet date

There have been no material events after the balance sheet date.

46. Date of approval for publication

Deutsche Börse AG's Executive Board approved the consolidated financial statements for submission to the Supervisory Board on 5 March 2015. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether it endorses them.

Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, 6 March 2015
Deutsche Börse AG

Reto Francioni — Andreas Preuss — Gregor Pottmeyer

Hauke Stars — Jeffrey Tessler

Auditor's report

We have audited the consolidated financial statements prepared by Deutsche Börse Aktiengesellschaft, Frankfurt/Main, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report for the business year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. [paragraph] 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit. In addition, we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 6 March 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Braun	Dielehner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial report Deutsche Börse AG 2013

Final version (English), as at 14 March 2014, 3.00 p.m.

Contents

Consolidated financial statements and notes to the consolidated financial statements of Deutsche Börse AG as at 31 December 2013

Final version

as at 14 March 2014

Consolidated income statement

for the period 1 January to 31 December 2013

	Note	2013	2012
		€m	€m
Sales revenue	4	2,160.3	2,145.3
Net interest income from banking business	4	35.9	52.0
Other operating income	4	20.6	11.7
Total revenue		**2,216.8**	**2,209.0**
Volume-related costs	4	(304.5)	(276.7)
Net revenue (total revenue less volume-related costs)		**1,912.3**	**1,932.3**
Staff costs	5	(476.0)	(414.2)
Depreciation, amortisation and impairment losses	11, 12	(118.8)	(105.0)
Other operating expenses	6	(588.0)	(439.4)
Operating costs		**(1,182.8)**	**(958.6)**
Result from equity investments	8	9.3	(4.3)
Earnings before interest and tax (EBIT)		**738.8**	**969.4**
Financial income	9	5.7	12.3
Financial expense	9	(76.4)	(145.0)
Earnings before tax (EBT)		**668.1**	**836.7**
Other taxes		(1.1)	(1.1)
Income tax expense	10	(171.8)	(165.8)
Net profit for the year		**495.2**	**669.8**
thereof shareholders of parent company (net income)		478.4	645.0
thereof non-controlling interests		16.8	24.8
Earnings per share (basic) (€)	34	**2.60**	**3.44**
Earnings per share (diluted) (€)	34	**2.60**	**3.43**

Consolidated statement of comprehensive income

for the period 1 January to 31 December 2013

	Note	2013	2012
		€m	€m
Net profit for the year reported in consolidated income statement		**495.2**	**669.8**
Items that will not be reclassified to profit or loss			
Changes from defined benefit obligations		14.3	(53.7)
Deferred taxes	10, 20	(3.8)	14.8
		10.5	**(38.9)**
Items that may be reclassified subsequently to profit or loss			
Exchange rate differences(1)	20	(42.9)	(23.2)
Remeasurement of cash flow hedges		1.9	(10.4)
Remeasurement of other financial instruments		4.4	23.3
Deferred taxes	10, 20	20.2	8.1
		(16.4)	**(2.2)**
Other comprehensive income after tax		**(5.9)**	**(41.1)**
Total comprehensive income		**489.3**	**628.7**
thereof shareholders of parent company		472.4	603.9
thereof non-controlling interests		16.9	24.8

(1) Exchange rate differences include €(1.7) million (2012: €(0.3) million) taken directly to accumulated profit as part of the result from equity investments.

Consolidated balance sheet
as at 31 December 2013

	Note	31 Dec 2013	31 Dec 2012
		€m	€m
Assets			
NON-CURRENT ASSETS			
Intangible assets	11		
Software		178.8	132.7
Goodwill		2,042.6	2,078.4
Payments on account and construction in progress		85.2	85.4
Other intangible assets		852.1	882.3
		3,158.7	**3,178.8**
Property, plant and equipment	12		
Fixtures and fittings		37.3	43.6
Computer hardware, operating and office equipment		69.9	82.9
Payments on account and construction in progress		0.1	1.7
		107.3	**128.2**
Financial investments	13		
Investments in associates and joint ventures		183.4	204.8
Other equity investments		23.9	26.7
Receivables and securities from banking business		1,178.3	1,485.0
Other financial instruments		25.6	21.5
Other loans(1)		0.4	0.1
		1,411.6	**1,738.1**
Financial instruments of Eurex Clearing AG	15	4,058.6	0
Other non-current assets		11.7	9.0
Deferred tax assets	10	49.0	59.8
Total non-current assets		**8,796.9**	**5,113.9**
CURRENT ASSETS			
Receivables and other current assets			
Financial instruments of Eurex Clearing AG	15	153,546.8	156,315.4(2)
Receivables and securities from banking business	16	9,544.0	12,808.2
Trade receivables	17	218.8	211.8
Receivables from related parties		4.1	3.0
Income tax receivables(3)		40.4	102.7
Other current assets	18	273.7	138.6
Available-for-sale financial assets		35.6	1.0
		163,663.4	**169,580.7**
Restricted bank balances	19	16,221.7	19,450.6
Other cash and bank balances		627.9	641.6
Total current assets		**180,513.0**	**189,672.9**
Total assets		**189,309.9**	**194,786.8**

(1) Thereof €0.3 million (31 December 2012: €0.1 million) with related parties

(2) See note 3.

(3) Thereof €8.8 million (31 December 2012: €10.6 million) with a remaining maturity of more than one year from corporation tax credits in accordance with section 37 (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act)

Consolidated balance sheet (Continued)

as at 31 December 2013

	Note	31 Dec 2013	31 Dec 2012
		€m	€m
Equity and liabilities			
EQUITY	20		
Subscribed capital		193.0	193.0
Share premium		1,249.0	1,249.0
Treasury shares		(446.6)	(448.6)
Revaluation surplus		29.4	14.3
Accumulated profit		2,011.8	1,938.9
Shareholders' equity		**3,036.6**	**2,946.6**
Non-controlling interests		231.4	223.0
Total equity		**3,268.0**	**3,169.6**
NON-CURRENT LIABILITIES			
Provisions for pensions and other employee benefits	22	80.2	95.4
Other non-current provisions	23, 24	113.2	80.3
Deferred tax liabilities	10	243.4	274.7
Interest-bearing liabilities	25	1,521.9	1,160.0
Financial instruments of Eurex Clearing AG	15	4,058.6	0
Other non-current liabilities		2.6	6.0
Total non-current liabilities		**6,019.9**	**1,616.4**
CURRENT LIABILITIES			
Tax provisions(1)	23, 26	266.8	252.2
Other current provisions	23, 27	223.6	88.9
Financial instruments of Eurex Clearing AG	15	153,046.8	156,315.4(2)
Liabilities from banking business(3)	28	9,725.3	12,880.3
Other bank loans and overdrafts		0.1	0.1
Trade payables		123.7	108.2
Liabilities to related parties		1.9	16.7
Cash deposits by market participants	29	16,221.7	19,450.6
Other current liabilities	30	412.1	888.4
Total current liabilities		**180,022.0**	**190,000.8**
Total liabilities		**186,041.9**	**191,617.2**
Total equity and liabilities		**189,309.9**	**194,786.8**

(1) Thereof income tax due: €216.4 million (2012: €202.3 million)

(2) See note 3.

(3) Thereof €0.1 million (31 December 2012: €0.1 million) liabilities to related parties

Consolidated cash flow statement
for the period 1 January to 31 December 2013

	Note	2013	2012
		€m	€m
Net profit for the year		495.2	669.8
Depreciation, amortisation and impairment losses	11, 12	118.8	105.0
Increase/(decrease) in non-current provisions		32.1	(2.3)
Deferred tax expense/(income)	10	2.1	(56.9)
Cash flows from derivatives		(16.5)	0
Other non-cash expense		13.7	50.7
Changes in working capital, net of non-cash items:		153.0	(42.0)
Decrease/(increase) in receivables and other assets		13.8	(43.7)
Increase in current liabilities		142.7	12.6
Decrease in non-current liabilities		(3.5)	(10.9)
(Net gain)/net loss on disposal of non-current assets		(1.1)	1.9
Cash flows from operating activities excluding CCP positions		**797.3**	**726.2**
Changes in liabilities from CCP positions		24.8	(39.1)
Changes in receivables from CCP positions		(93.8)	20.6
Cash flows from operating activities	33	**728.3**	**707.7**
Payments to acquire intangible assets and property, plant and equipment		(127.6)	(145.7)
Payments to acquire intangible assets		(99.0)	(101.2)
Payments to acquire property, plant and equipment		(28.6)	(44.5)
Payments to acquire non-current financial instruments		(14.8)	(265.4)
Payments to acquire investments in associates		(35.1)	(1.9)
Payments to acquire subsidiaries, net of cash acquired		5.2(1)	(295.5)
Proceeds from the disposal of shares in associates		0	21.5(2)
(Net increase)/net decrease in current receivables and securities from banking business with an original term greater than three months		(692.2)	27.4
Proceeds from disposals of available-for-sale non-current financial instruments		35.3	392.2
Cash flows from investing activities	33	**(829.2)**	**(267.4)**
Purchase of treasury shares		(1.2)	(198.2)
Proceeds from sale of treasury shares		1.9	1.2
Payments to non-controlling interests		(8.3)	(14.6)
Repayment of long-term financing		(797.8)	(309.2)
Proceeds from long-term financing		594.5	600.0
Repayment of short-term financing		(1,180.0)	(796.2)
Proceeds from short-term financing		1,279.8	789.3
Dividends paid		(386.5)	(622.9)
Cash flows from financing activities	33	**(497.6)**	**(550.6)**
Net change in cash and cash equivalents		**(598.5)**	**(110.3)**
Net change in cash and cash equivalents (brought forward)		**(598.5)**	**(110.3)**
Effect of exchange rate differences(3)		(1.7)	(2.9)
Cash and cash equivalents as at beginning of period(4)		544.0	657.2
Cash and cash equivalents as at end of period(4)	33	**(56.2)**	**544.0**
Interest income and other similar income(5)		5.6	12.7
Dividends received(5)		12.9	12.9
Interest paid(5)		(89.3)	(118.2)
Income tax paid		(93.3)	(258.4)

(1) Cash acquired in connection with the termination of the cooperating agreement governing the investment in Börse Frankfurt Zertifikate Holding S.A. (see also note 2)

(2) Return of capital of Direct Edge Holdings, LLC

(3) Primarily includes the exchange rate differences arising on translation of the ISE subgroup

(4) Excluding cash deposits by market participants

(5) Interest and dividend payments are allocated to cash flows from operating activities.

Consolidated statement of changes in equity
for the period 1 January to 31 December 2013

	Note	2013	2012	thereof included in total comprehensive income 2013	thereof included in total comprehensive income 2012
		€m	€m	€m	€m
Subscribed capital					
Balance as at 1 January		193.0	195.0		
Retirement of treasury shares		0	(2.0)		
Balance as at 31 December		**193.0**	**193.0**		
Share premium					
Balance as at 1 January		1,249.0	1,247.0		
Retirement of treasury shares		0	2.0		
Balance as at 31 December		**1,249.0**	**1,249.0**		
Treasury shares					
Balance as at 1 January		(448.6)	(691.7)		
Purchase of treasury shares		(1.2)	(198.2)		
Retirement of treasury shares		0	119.3		
Sales within the Group Share Plan		3.2	6.8		
Acquisition of the interest of non-controlling shareholders in Eurex Zürich AG		0	315.2		
Balance as at 31 December		**(446.6)**	**(448.6)**		
Revaluation surplus	20				
Balance as at 1 January		14.3	46.7		
Changes from defined benefit obligations	22	14.2	(53.7)	14.2	(53.7)
Remeasurement of other financial instruments		4.4	23.3	4.4	23.3
Remeasurement of cash flow hedges		1.9	(10.4)	1.9	(10.4)
Increase in share-based payments		0	(2.4)	0	0
Deferred taxes	10	(5.4)	10.8	(5.4)	10.8
Balance as at 31 December		**29.4**	**14.3**		
Accumulated profit	20				
Balance as at 1 January		1,938.9	2,123.0		
Dividends paid	21	(386.5)	(622.9)	0	0
Retirement of treasury shares		0	(119.3)	0	0
Acquisition of the interest of non-controlling shareholders in Eurex Zürich AG		0	(72.1)	0	0
Net income		478.4	645.0	478.4	645.0
Exchange rate differences and other adjustments		(40.8)	(26.9)	(42.9)	(23.2)
Deferred taxes	10	21.8	12.1	21.8	12.1
Balance as at 31 December		**2,011.8**	**1,938.9**		
Shareholders' equity as at 31 December		**3,036.6**	**2,946.6**	**472.4**	**603.9**
Shareholders' equity (brought forward)		**3,036.6**	**2,946.6**	**472.4**	**603.9**
Non-controlling interests					
Balance as at 1 January		223.0	212.6		
Changes due to capital decreases		(8.3)	(14.6)	0	0
Changes due to share in net income of subsidiaries for the period		16.8	24.8	16.8	24.8
Changes from defined benefit obligations	22	0.1	0	0.1	0
Exchange rate differences and other adjustments		(0.2)	0.2	0	0
Balance as at 31 December		**231.4**	**223.0**	**16.9**	**24.8**
Total equity as at 31 December		**3,268.0**	**3,169.6**	**489.3**	**628.7**

Notes to the consolidated financial statements

Basis of preparation

1. General principles

Deutsche Börse AG ("the company") is incorporated as a German public limited company ("Aktiengesellschaft") and is domiciled in Germany. The company's registered office is in Frankfurt / Main.

The 2013 consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and the related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards. As at 31 December 2013, there were no effective standards or interpretations not yet adopted by the European Union that could affect the consolidated financial statements. Accordingly, the consolidated financial statements also comply with IFRSs issued by the IASB.

The disclosures required in accordance with Handelsgesetzbuch (HGB, German Commercial Code) section 315a (1) have been presented in the notes to the consolidated financial statements and the remuneration report, which forms part of the combined management report. The consolidated financial statements are also based on the interpretations issued by the Rechnungslegungs Interpretations Committee (RIC, Accounting Interpretations Committee) of the Deutsches Rechnungslegungs Standards Committee e.V. (Accounting Standards Committee of Germany), to the extent that these do not contra-dict the standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the IASB.

New accounting standards—implemented in the year under review

The following standards and interpretations issued by the IASB and adopted by the European Commission became effective for Deutsche Börse AG as at 1 January 2013 and were applied for the first time in the 2013 reporting period:

IFRS 10 "Consolidated Financial Statements" and IAS 27 (2011) "Separate Financial Statements" (May 2011)

IFRS 10 replaces the guidance on control and consolidation contained in IAS 27 (2009) "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities" by uniform principles and accounting requirements that are applied to all companies to determine control. IAS 27 only contains the requirements governing separate financial statements. The standards have been adopted by the EU on 11 December 2012 and are effective for financial years beginning on or after 1 January 2014. Earlier application is permitted.

IFRS 11 "Joint Arrangements" (May 2011)

The standard introduces two types of joint arrangement: "joint operations" and "joint ventures". It supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-Monetary Contributions by Venturers". The previous option to use proportionate consolidation for jointly controlled entities has been abolished. Venturers in a joint venture must use the equity method of accounting. IFRS 11 has been adopted by the EU on 11 December 2012. This standard must be applied for financial years beginning on or after 1 January 2014.

IFRS 12 "Disclosure of Interests in Other Entities" (May 2011)

IFRS 12 defines the required disclosures for entities that apply IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements": these entities must disclose information that enables users of their financial statements to evaluate the nature of, and the risks associated with, their interests in other entities and the effects of those interests on their financial position, financial performance and cash flows. The standard has been adopted by the EU on 11 December 2012 and is effective for financial years beginning on or ofter 1 January 2014.

1. General principles (Continued)

Amendments to IAS 28 "Investments in Associates and Joint Ventures" (May 2011)

As part of the amendments to IAS 28, accounting disclosures for joint ventures were included in the standard; the basic approach for assessing the existence of significant influence and rules for applying the equity method have been retained. The amendments to the standard were adopted by the EU on 11 December 2012 and must be applied together with IFRS 10, IFRS 11, IFRS 12 and IAS 27. The standard is effective for financial years beginning on or after 1 January 2014.

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 have been adopted early. Their initial application has no material effect on the basis of consolidation.

IFRS 13 "Fair Value Measurement" (May 2011)

This standard describes how to determine fair value and extends the related disclosures. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 has been adopted by the EU on 11 December 2012. This standard must be applied for financial years which began on or after 1 January 2013.

Deutsche Börse AG provides comparative information for the previous year in accordance with the new requirement. However, the new requirements have not had any material impact on the measurement of the Group's assets and liabilities. The amendment to IFRS 13 resulting from the "Annual Improvements Project 2011–2013", which has not yet been adopted by the EU, relates to the exception that contracts managed as a portfolio can be measured on a net basis (portfolio exception). As Deutsche Börse AG does not take a portfolio approach, the change does not have any impact on the measurement. The change in the disclosures on fair value hierarchies resulting from IFRS 13 comprises additional disclosures; these are presented in note 32.

Amendments to IAS 1 "Presentation of Financial Statements" (June 2011)

The amendments to IAS 1 require entities to classify expenses and income recognised in other comprehensive income into two categories. The classification will depend on whether or not the item is reclassified (recycled) to profit or loss in the future. Items that are not recycled to the income statement must be presented separately from items that are recognised in profit or loss. The amendments to the standard have been adopted by the EU on 5 June 2012 and are effective for financial years, which began on or after 1 July 2012. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the amendments must be applied retrospectively. The application of IAS 1 mainly affects the presentation of comprehensive income and expense.

Changes resulting from the "Annual Improvements Project 2009–2011" (May 2012)

Six amendments affecting five standards were implemented. The amendments must be applied for financial years which began on or after 1 January 2013. The changes do not have any material impact on Deutsche Börse AG's consolidated financial statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures" (December 2011)

The amendments introduce new disclosure requirements for certain offsetting arrangements: the disclosure requirement applies regardless of whether the offsetting arrangement has in fact led to the financial assets and financial liabilities being offset. In addition to a qualitative description of the rights of set-off, the guidance specifically also requires quantitative disclosures. The amendments to IFRS 7 are effective retrospectively for financial years beginning on or after 1 January 2013. The amendments were adopted by the EU on 13 December 2012.

1. General principles (Continued)

Amendments to IAS 36 "Impairment of Assets" (May 2013)

The amendments correct a previous amendment that had inadvertently required disclosure of the recoverable amount of each cash-generating unit, even if no impairment loss had been recognised. The amendments of May 2013 removed this requirement again.

Additional disclosures are now required if the recoverable amount is determined on the basis of the fair value less costs of disposal and an impairment loss is recognised. The amendments are effective for financial years beginning on or after 1 January 2014. The amendments were adopted by the EU on 19 December 2013. Deutsche Börse AG applies the amendments together with the changes resulting from IFRS 13.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"—novation of derivatives (June 2013)

These amendments allow hedge accounting to continue after novation. Standardised OTC derivatives that are now cleared through a central counterparty can be retained as hedging instruments under certain conditions when the parties to a contract are replaced by a clearing counterparty. The existing hedge accounting relationship thus continues to exist. The amendments are effective for financial years beginning on or after 1 January 2014. The amendments were adopted by the EU on 19 December 2013. Deutsche Börse AG has opted for early application of the amendments.

New accounting standards—not yet implemented

The following standards and interpretations, which are relevant to Deutsche Börse Group and which Deutsche Börse Group did not adopt in 2013 prior to the effective date, have been published by the IASB prior to the publication of this corporate report and partially adopted by the European Commission.

IFRS 9 "Financial Instruments" (November 2009)

IFRS 9 introduces new requirements for the classification and measurement of financial assets and is intended to replace IAS 39 in the future. These stipulate that all financial assets that have to date fallen within the scope of IAS 39 are either recognised at amortised cost or at fair value. The current version no longer includes an effective date, but the standard is available for adoption if permitted by local accounting requirements. IFRS 9 was published in November 2009, reissued in October 2010 and amended in November 2013. The standard has not been adopted by the EU yet.

Amendments to IFRS 9 "Financial Instruments" (October 2010)

The amendments extend IFRS 9 "Financial Instruments" to include rules on accounting for financial liabilities. If the fair value option is applied to financial liabilities, revisions to the recognition of changes in an entity's own credit risk must be taken into account: a change in credit risk must now be recognised in other comprehensive income rather than in profit or loss. The original effective date was removed from the current version of the standard. Application is permitted if the rules on accounting for financial assets are also applied. The standard has not been adopted by the EU yet.

Amendments to IFRS 9 and IFRS 7—"Mandatory Effective Date and Transition Disclosures in the Notes" (December 2011)

In addition to the amendments to IFRS 9 listed above, the IASB has issued further amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures". This also had the effect of postponing the requirement to apply the amended IFRS 9 for financial years beginning on or after 1 January 2015. The removal of the effective date from IFRS 9 (as most recently amended in November 2013) means that the amendments to IFRS 7 can also be delayed until IFRS 9 is adopted.

The additional disclosures in the notes required in IFRS 9 have been added as an amendment to IFRS 7: the disclosures required include in particular recognition and measurement for the first reporting period in which IFRS 9 is adopted, the changes in carrying amounts resulting from the transition to IFRS 9, unless

1. General principles (Continued)

they relate to measurement effects at the time of transition, as well as the changes in carrying amounts attributable to such effects. In addition, it must be possible, on the basis of the information disclosed, to reconcile the measurement categories according to IAS 39 and IFRS 9 to individual line items in the financial statements or classes of financial instruments. The amendments to the two standards have not yet been adopted by the EU.

Amendments to IFRS 9, IFRS 7 and IAS 39—"Hedge Accounting" (November 2013)

In addition to the above amendments, new guidance has been added for hedge accounting in general. There is an option to apply the guidance of IAS 39 on fair value hedge accounting for portfolio hedges of interest rate risk or to follow the requirements of IFRS 9. When IFRS 9 is applied for the first time, there is also the option to apply hedge accounting in accordance with IAS 39 or in accordance with IFRS 9 Chapter 6. In addition, the IASB allows early adoption of the requirement to recognise the changes in fair value attributable to changes in the entity's own credit risk in other comprehensive income if the changes in fair value are reported in the income statement. The November 2013 amendment removed the original effective date of IFRS 9.

Amendments to IAS 32—"Offsetting of Financial Assets and Financial Liabilities" (December 2011)

The IASB has revised the guidance for offsetting financial assets and financial liabilities and published the results in the form of amendments to IAS 32 "Financial Instruments: Presentation".

The offsetting requirements laid down in IAS 32 have been retained in principle, and additional guidance has been provided for clarification. In this guidance, the IASB emphasises firstly that an unconditional, legally enforceable right of offsetting must exist, even if one of the parties involved is insolvent. Secondly, it lists illustrative criteria under which gross settlement of a financial asset and a financial liability nevertheless leads to offsetting. The additional guidance is effective retrospectively for financial years beginning on or after 1 January 2014. The amendments have been adopted by the EU on 13 December 2013.

Amendments to IAS 19 "Employee Benefits" (November 2013)

In future, there will be an option on how to account for contributions that employees are required to make to their defined benefit plans. The amendment permits employee contributions that are independent of the number of years of service to be attributed to the period in which the service is rendered. This results in a negative benefit being attributed to the corresponding period of service. Previously, employee contributions had been allocated to the defined benefit liability. The amendment must be applied for financial years beginning on or after 1 July 2014, and earlier application permitted. The amendment has not yet been adopted by the EU.

Amendments resulting from the "Annual Improvements Project 2010–2012" (December 2013)

Eight amendments affecting seven standards are planned. The amendments must be applied for financial years beginning on or after 1 July 2014. The amendments have not yet been adopted by the EU.

Amendments resulting from the "Annual Improvements Project 2011–2013" (December 2013)

Four amendments affecting four standards are planned. The amendments must be applied for financial years beginning on or after 1 July 2014. The amendments have not yet been adopted by the EU.

Deutsche Börse Group cannot assess conclusively what the impact of the application of the new and amended standards will be at this stage. In addition to extended disclosure requirements, the initial application of IFRS 9 is expected to have an impact on the consolidated financial statements.

2. Basis of consolidation

Deutsche Börse AG's equity interests in subsidiaries, associates and joint ventures as at 31 December 2013 included in the consolidated financial statements are presented in the following tables. Unless otherwise stated, the financial information in these tables is presented in accordance with the generally accepted accounting principles in the companies' countries of domicile.

2. Basis of consolidation (Continued)

Fully consolidated subsidiaries

Company	Domicile	Equity interest as at 31 Dec 2013 direct (indirect)	Currency	Ordinary share capital	Equity[1]	Total assets	Sales revenue 2013	Net profit/loss 2013	Initially consolidated
		%		thousands	thousands	thousands	thousands	thousands	
Börse Frankfurt Zertifikate Holding S.A.[2]	Luxembourg	100.00	€	50	16,297[3]	16,382[3]	0[3]	4,341[3]	1 July 2013
Börse Frankfurt Zertifikate AG[4]	Germany	(100.00)	€	140	4,222	7,990	20,289	588	1 July 2013
Clearstream Holding AG	Germany	100.00	€	101,000	2,285,314	2,391,839	0	102,069[5]	2007
Clearstream International S.A.	Luxembourg	(100.00)	€	25,000	820,942	845,455	65,900[6]	101,593	2002
Clearstream Banking S.A.	Luxembourg	(100.00)[7]	€	75,000[3]	672,231[3]	11,257,001[3]	382,557[3][6]	18,266[3]	2002
Clearstream Banking Japan, Ltd.	Japan	(100.00)	JPY	6,500	35,252[3]	56,494[3]	80,377[3]	7,168[3]	2009
REGIS-TR S.A.	Luxembourg	(50.00)	€	3,600	1,060[3]	2,240[3]	0[3]	(1,103)[3]	2010
Clearstream Banking AG	Germany	(100.00)	€	25,000	300,704	1,214,923	259,536[6]	81,696	2002
Clearstream Services S.A.	Luxembourg	(100.00)	€	30,000	62,161	131,902	208,861	8,174	2002
Clearstream Fund Services Ireland Ltd.	Ireland	(100.00)	€	500	779	2,261	2,131	194	10 Oct 2012
Clearstream Operations Prague s.r.o	Czech Republic	(100.00)	CZK	160,200	238,912[3]	258,686[3]	346,717[3]	41,510[3]	2008
LuxCSD S.A.	Luxembourg	(50.00)	€	6,000	5,065	5,297	243	(270)	2010
Deutsche Börse Asia Holding Pte. Ltd.	Singapore	100.00	SGD	0	0	100	0	0	14 Nov 2013
Eurex Clearing Asia Pte. Ltd.	Singapore	(100.00)	SGD	0	0	200	0	0	14 Nov 2013
Deutsche Börse Services s.r.o	Czech Republic	100.00	CZK	200	115,419	208,047	613,487	30,366	2006
Deutsche Boerse Systems, Inc.	USA	100.00	US$	400	4,400	5,582	8,789	349	2000
Eurex Global Derivatives AG	Switzerland	100.00	CHF	100	351,922	361,742	128,138	69,466	1 Jan 2012
Eurex Zürich AG	Switzerland	(100.00)[8]	CHF	10,000	310,398	346,694	43,055	5,382	1998
Eurex Frankfurt AG	Germany	(100.00)	€	6,000	1,050,920	1,849,282	0	66,670[9]	1998
Eurex Bonds GmbH	Germany	(79.44)	€	3,600	8,247	10,017	4,311	732	2001
Eurex Clearing AG	Germany	(100.00)	€	25,000	249,813	16,762,785	0[6]	1,227[5]	1998
Eurex Clearing Security Trustee GmbH	Germany	(100.00)	€	25	75	75	3	0	15 Oct 2013
Eurex Repo GmbH	Germany	(100.00)	€	100	550	13,808	15,698	11,591[5]	2001
Eurex Services GmbH	Germany	(100.00)	€	25	1,182,469	1,251,681	0	69,212[5]	2007
U.S. Exchange Holdings, Inc.	USA	(100.00)	US$	1,000	(857,494)	946,200	0	(150,371)	2003
International Securities Exchange Holdings, Inc.	USA	(100.00)	US$	0	1,724,709	2,292,482	0	32,691	2007
ETC Acquisition Corp.	USA	(100.00)	US$	0	3,785	3,789	150	150	2007
International Securities Exchange, LLC	USA	(100.00)	US$	0	40,528	109,590	286,690	44,429	2007
ISE Gemini, LLC	USA	(100.00)	US$	5,000	8,448	9,830	18,383	3,448	5 Aug 2013
Longitude LLC	USA	(100.00)	US$	0	3,901	4,154	1,623	(44)	2007
Longitude S.A.	Luxembourg	(100.00)	€	1,100	1,072[3]	1,757[3]	4,045[3]	618[3]	28 June 2012
Finnovation S.A.	Luxembourg	100.00	€	156,400[3]	131,451[3]	163,397[3]	33,672[3]	3,101[3]	2008
Infobolsa S.A.	Spain	50.00	€	331	11,782[3]	13,234[3]	7,551[3]	494[3]	2002
Difubolsa, Serviços de Difusão e Informaçao de Bolsa, S.A.	Portugal	(50.00)	€	50	164	198	130	9	2002
Infobolsa Deutschland GmbH	Germany	(50.00)	€	100	1,397	1,412	140	101	2003
Open Finance, S.L.	Spain	(31.00)	€	4	779	1,316	2,334	36	2011
Market News International Inc.	USA	100.00	US$	9,911	21,114	18,469	19,133	624	2009
MNI Financial and Economic Information (Beijing) Co. Ltd.	China	(100.00)	US$	0	260	528	1,042	18	2011
Need to Know News, LLC	USA	(100.00)	US$	4,193	5,766	7,536	6,308	341	2009
Risk Transfer Re S.A.	Luxembourg	100.00	€	1,225	1,225	11,293	1,483	0	2004
STOXX Ltd.	Switzerland	50.10	CHF	1,000	96,856	110,638	88,827	28,979	2009
Tradegate Exchange GmbH	Germany	76.23[10]	€	500	977	1,367	1,779	264	2010

(1) Includes capital reserves and retained earnings, accumulated gains or losses and net profit or loss for the year and, if necessary, further components according to the respective local GAAP

(2) Until 12 December 2013: Scoach Holding S.A.

(3) Preliminary figures

(4) Until 1 November 2013: Scoach Europa AG

(5) Before profit transfer or loss absorption

(6) Consists of interest and commission results due to the business operations

(7) Thereof, 22.92 per cent are indirectly held via Clearstream Holding AG and 77.08 per cent are indirectly held via Clearstream International S.A.

(8) Thereof, 50 per cent are directly held and 50 per cent are indirectly held via Eurex Global Derivatives AG.

(9) Including income from profit pooling agreements with its subsidiaries amounting to €81,632 thousand

(10) Thereof, 1.23 per cent are indirectly held via Tradegate AG Wertpapierhandelsbank.

2. Basis of consolidation (Continued)

As at 31 December 2013, Deutsche Börse AG held 50 per cent of the voting rights of Infobolsa S.A., Madrid, Spain. The key decision-making body of Infobolsa S.A. is the Board of Directors, where the Chairman's casting vote gives Deutsche Börse AG the majority of the votes.

Deutsche Börse AG indirectly holds 50 per cent of the voting rights in LuxCSD S.A., Luxembourg. Since Deutsche Börse's subsidiary Clearstream International S.A., which holds 50 per cent of the voting rights, has the right to appoint the Chairman of the Supervisory Board, who also has a casting vote, there is a presumption of control.

Moreover, Deutsche Börse AG indirectly holds 50 per cent of the voting rights in REGIS-TR S.A., Luxembourg. Since Deutsche Börse's subsidiary Clearstream Banking S.A., which holds 50 per cent of the voting rights, has the right to appoint the Chairman of the Supervisory Board, who in turn has a casting vote, there is a presumption of control.

Changes to consolidated subsidiaries

	Germany	Foreign	Total
As at 1 January 2013	9	27	36
Additions	2	4	6
Disposals	0	0	0
as at 31 December 2013	**11**	**31**	**42**

In December 2012, SIX Swiss Exchange AG gave notice of termination of the cooperation agreement governing the equity investment in Scoach Holding S.A., effective from the end of 30 June 2013. Consequently, with effect from 1 July 2013, the shares in Scoach Schweiz AG held by Scoach Holding S.A. were transferred to SIX Swiss Exchange AG; the shares in Scoach Holding S.A. previously held by SIX Swiss Exchange AG were transferred to Scoach Holding S.A. and subsequently retired. Following the transfer, Deutsche Börse AG's equity interest in Scoach Holding S.A. increased to 100 per cent. The total consideration for this exchange transaction amounted to €15.3 million. Remeasurement of the shares of the Scoach subgroup held before the acquisition resulted in tax-neutral income from equity investment of €2.0 million; of this amount, €0.1 million related to the remeasurement of the shares of Scoach Holding S.A. and Scoach Europa AG held before the exchange transaction. The fair value of the shares held in Scoach Holding S.A. and Scoach Europa AG before the transaction amounted to €7.7 million. Goodwill of €4.6 million resulted from this transaction. Scoach Holding S.A. and Scoach Europa AG have been fully consolidated in Deutsche Börse AG's consolidated financial statements since 1 July 2013. Scoach Europa AG was renamed Börse Frankfurt Zertifikate AG as at 1 November 2013. Scoach Holding S.A. was renamed Börse Frankfurt Zertifikate Holding S.A. on 12 December 2013. Thus this report generally refers to the new names.

2. Basis of consolidation (Continued)

Goodwill from the business combination with Scoach Holding S.A. and Scoach Europa AG

	Preliminary goodwill calculation 1 July 2013 €m
Consideration transferred	
Fair value of equity interest held before the acquisition	15.8
Received cash compensation	(0.5)
Total consideration	**15.3**
Acquired assets and liabilities	
Customer relationships	3.3
Other intangibles assets	0.6
Deferred tax assets on tax loss carried forward	1.2
Trade receivables and other receivables	3.7
Other current assets	6.5
Total assets	15.3
Deferred tax liabilities on temporary differences	(1.0)
Other liabilities	(3.6)
Total liabilities	**(4.6)**
Total assets and liabilities acquired	**10.7**
Goodwill (not tax-deductible)	**4.6**

International Securities Exchange, Inc. established Topaz Exchange, LLC, Dover, USA, effective 29 May 2012. The exchange was granted an exchange licence by the SEC on 29 July 2013 and started operating on 5 August 2013. It has been included in full in the consolidated financial statements since July 2013. Topaz Exchange, LLC was renamed in ISE Gemini, LLC on 18 February 2014.

Eurex Clearing AG established Eurex Clearing Security Trustee GmbH, Frankfurt/Main, Germany, effective 15 October 2013. Since Eurex Clearing AG holds 100 per cent of the voting rights, there is a presumption of control. The subsidiary has been included in full in the consolidated financial statements since its foundation.

On 14 November 2013, Deutsche Börse AG established two companies, Deutsche Boerse Asia Holding Pte. Ltd. and Eurex Clearing Asia Pte. Ltd., both domiciled in Singapore, Singapore. As wholly owned subsidiaries of Deutsche Börse AG, the two companies have been included in full in the consolidated financial statements since their foundation.

Effective 10 January 2014, Deutsche Börse AG acquired a 100 per cent interest in Impendium Sys-tems Ltd., domiciled in London, United Kingdom, at a purchase price of £3.2 million plus a revenue-dependent purchase price component of £5.2 million. Since Deutsche Börse AG is the only shareholder, there is a presumption of control. The subsidiary has been included in full in the consolidated financial statements since the first quarter of 2014. Purchase price allocation had not been completed at the time of preparing these consolidated financial statements.

2. Basis of consolidation (Continued)

Associates and joint ventures

Company, domicile	Segment	Equity interest as at 31 Dec 2013 direct (indirect)	Currency	Ordinary share capital	Assets	Liabilities	Sales revenue 2013	Net profit/loss 2013	Associate since
		%		thousands	thousands	thousands	thousands	thousands	
Deutsche Börse Commodities GmbH, Germany	Xetra	16.20	€	1,000	1,280,718[1]	1,277,891[1]	4,363[1]	672[1]	2007
European Energy Exchange AG[2][3] Germany	Eurex	(62.57)	€	40,050	940,941[1]	821,240[1]	62,219[1]	13,683[1]	1999
ID's SAS, France	Eurex	25.01	€	1,000	3,348[1]	580[1]	2,389[1]	509[1]	2010
Digital Vega FX Ltd., United Kingdom	Market Data + Services	13.02	GBP	0	954[4]	701[4]	138[4]	(458)[4]	2011
Indexium AG, Switzerland	Market Data + Services	49.90	CHF	100	16,709	21,333	8,456	911	2009
Phineo gAG, Germany	Xetra	12.00[5]	€	50	1,332[1]	109[1]	156[1]	198[1]	2010
Direct Edge Holdings, LLC, USA	Eurex	(9.50)	US$	145,910[6]	221,475	75,566	508,079	16,339	9 Feb 2012
The Options Clearing Corporation, USA	Eurex	(20.00)	US$	600[7]	2,953,365[7]	2,941,732[7]	157,232[7]	3,563[7]	2007
Hanweck Associates, LLC, USA	Eurex	(26.44)	US$	(693)[6]	893[1]	1,586[1]	3,349[1]	(793)[1]	2010
Tradegate AG Wertpapierhandelsbank, Germany[8]	Xetra	4.92	€	24,554	47,931[1]	16,957[1]	31,360[1]	4,127[1]	2010
BrainTrade Gesellschaft für Börsensysteme mbH, Germany	Xetra	25.58[9]	€	1,400	5,895[1]	4,136[1]	8,099[1]	358[1]	1 July 2013
Zimory GmbH, Germany	Market Data + Services	30.03	€	267[1]	11,566[1]	641[1]	1,419[1]	(5,285)[1]	17 May 2013
Deutsche Börse Cloud Exchange AG, Germany[10]	Market Data + Services	49.90[11]	€	50	9,321	307	0	(986)	17 May 2013
Global Markets Exchange Group International, LLP, United Kingdom	Eurex	28.57	GBP	4,025[6]	20,250	259	0	(979)	24 Oct 2013

(1) Preliminary figures

(2) Subgroup figures

(3) There was no control in financial year 2013.

(4) Shortened financial year; period ended 30 November 2013

(5) In addition, Deutsche Börse AG holds an interest in Phineo Pool GbR, Berlin, Germany, which holds a 48 per cent stake in Phineo gAG. This interest is jointly managed.

(6) Value of equity

(7) Figures as at 31 December 2012

(8) As at the balance sheet date the fair value of the stake in the listed company amounted to €6.6 million.

(9) Thereof, 14.29 per cent held directly and 14.29 per cent indirectly via Börse Frankfurt Zertifikate AG.

(10) Deutsche Börse Cloud Exchange AG is part of the Zimory GmbH subgroup.

(11) In addition, 14.78 per cent held indirectly via Zimory GmbH.

In financial year 2013, Eurex Zürich AG acquired a further 2,573,356 shares in European Energy Exchange AG (EEX), increasing its interest from 56.14 per cent to 62.57 per cent. The total purchase price of the tranches acquired amounted to €15.4 million. The purchase price allocation resulted in additional goodwill of €1.5 million. Since Deutsche Börse Group does not have a majority on the Supervisory Board of EEX in the year under review, it cannot exercise control; therefore the company was included as an associate in Deutsche Börse Group's consolidated financial statements. Since the Chairman of the Supervisory Board, who is appointed by Eurex Zürich AG, has a casting vote on the Supervisory Board of European Energy Exchange AG as from 1 January 2014, Eurex Zürich AG exercises control over EEX as from that date. The company has been fully consolidated since 1 January 2014. The following assets and liabilities were identified during purchase price allocation, which had not been completed at the time these consolidated financial statements were prepared:

2. Basis of consolidation (Continued)

Goodwill resulting from taking control over European Energy Exchange AG as at 1 January 2014

	Preliminary goodwill calculation 1 Jan 2014 €m
Consideration transferred	
Fair value of equity interest held before taking control over European Energy Exchange AG	139.4
Acquired bank balances	(61.6)
Total consideration	**77,8**
Acquired assets and liabilities	
Customer relationships	69.8
Other intangibles assets	13.4
Financial assets	44.8
Other non-current assets	2.0
Deferred tax assets	4.8
Other current assets	82.6
Deferred tax liabilities on temporary differences	(24.7)
Other non-current liabilities	(0.8)
Other current liabilities	(79.3)
Remeasurement of non-controlling interests	(72.4)
Total assets and liabilities acquired	**40.2**
Goodwill (not tax-deductible)	**37.6**

If EEX had already been consolidated as of 1 January 2013, the net revenue would have increased by €47.1 million and earnings before taxes (EBT) would have increased by €9.1 million.

On 17 May 2013, Deutsche Börse AG acquired a 30.03 per cent interest carrying voting rights in Zimory GmbH, Berlin, Germany, at a price of €10.0 million. The purchase price includes goodwill amounting to €5.8 million. Since Deutsche Börse AG exercises significant influence within the meaning of IAS 28.6 (a) by virtue of its membership in the Board of Directors, Zimory GmbH has been classified as an associate and is accounted for using the equity method.

Effective 17 May 2013, Deutsche Börse AG and Zimory GmbH established Deutsche Börse Cloud Exchange AG, Eschborn, Germany, in which Deutsche Börse AG holds a 49.90 per cent interest. As Deutsche Börse AG exercises significant influence within the meaning of IAS 28.6 (a) by virtue of its membership of the Board of Directors, the company has been classified as a joint venture and is accounted for using the equity method.

As a result of the termination by SIX Swiss Exchange AG of the cooperation agreement governing the equity investment in Scoach Holding S.A. and the resulting increase in Deutsche Börse AG's interest in Scoach Holding S.A. to 100 per cent, Deutsche Börse Group acquired, effective 1 July 2013, significant influence over BrainTrade Gesellschaft für Börsensysteme mbH within the meaning of IAS 28.6 (a) by virtue of its membership of the Board of Directors. Since then, BrainTrade Gesellschaft für Börsensysteme mbH has been classified as an associate and is accounted for using the equity method.

Direct Edge Holdings, LLC and BATS Global Markets, Inc. had entered into a merger agreement in August 2013. This agreement was not legally completed by 31 December 2013. On completion, International Securities Exchange Holdings, Inc. (ISE), New York, USA, was to surrender an interest of 22.04 per cent in Direct Edge Holdings, LLC and ultimately hold 9.5 per cent of the merged company. Against this background, a portion of the investment in Direct Edge Holdings, LLC, which was previously classified as an associate, was classified as "held for sale" in the third quarter of 2013, the remaining portion continued to be classified as an associate. On 31 January 2014, the transaction was completed.

2. Basis of consolidation (Continued)

On 24 October 2013, Deutsche Börse AG acquired 50,000 class B shares of Global Markets Exchange Group International LLP, London, United Kingdom, for a purchase price of £4.0 million and as a result holds 28.57 per cent of the shares. The transaction resulted in goodwill of £3.1 million. As Deutsche Börse AG exercises significant influence within the meaning of IAS 28.6 (a) by virtue of its membership of the Board of Directors, Global Markets Exchange Group International LLP has since been classified as an associate and is accounted for using the equity method.

Where Deutsche Börse Group's share of the voting rights in a company amounts to less than 20 per cent, Deutsche Börse Group's significant influence is exercised in accordance with IAS 28.6 (a) through the Group's representation on the Supervisory Board or the board of directors of the following companies as well as through corresponding monitoring systems:

- Deutsche Börse Commodities GmbH, Frankfurt/Main, Germany
- Digital Vega FX Ltd., London, United Kingdom
- Phineo gAG, Berlin, Germany
- Tradegate AG Wertpapierhandelsbank, Berlin, Germany

3. Summary of key accounting policies

Deutsche Börse AG's consolidated financial statements have been prepared in euros, the functional currency of Deutsche Börse AG. Unless stated otherwise, all amounts are shown in millions of euros (€m). The annual financial statements of subsidiaries included in the consolidated financial statements have been prepared on the basis of the Group-wide accounting principles based on IFRSs that are described in the following. They were applied consistently to the periods shown.

Adjustments to accounting policies

In the previous year, repo and options transactions in the item "Financial instruments of Eurex Clearing AG" were only reported on a net basis if outstanding transactions were settled with an identical offsetting transaction. As at 31 December 2013, outstanding repo and options transactions are netted if a clearing member has offsetting corresponding transactions with the central counterparty with the same settlement date. Prior-year figures have been adjusted accordingly. As a result, the financial instruments of Eurex Clearing AG item has declined by €21.7 billion on both the assets and the liabilities side of the balance sheet. For details see note 15.

In January 2013, Deutsche Börse Group extended its product portfolio to include repo transactions with a maturity greater than one year. Accordingly, the item "Financial instruments of Eurex Clearing AG" was split into non-current and current.

Following the new management structure, the reporting segments were changed as at 1 January 2013 and prior-year figures have been adjusted accordingly.

Recognition of revenue and expenses

Trading, clearing and settlement fees are recognised on the trade day and billed on a monthly basis. Custody revenue and revenue for systems development and systems operation are generally recognised ratably and billed on a monthly basis. Sales of price information are billed on a monthly basis. Fees charged to trading participants in connection with International Securities Exchange, LLC's and ISE Gemini LLC's expenses for supervision by the U.S. Securities and Exchange Commission (SEC) are recognised at the settlement date.

International Securities Exchange, LLC and ISE Gemini, LLC earn market data revenue from the sale of trade and quote information on options through the Options Price Reporting Authority, LLC (OPRA, the regulatory authority responsible for distributing market data revenues among the US options exchanges). Pursuant to SEC regulations, US exchanges are required to report trade and quote information to OPRA. International Securities Exchange, LLC and ISE Gemini, LLC earn a portion of the income of the US

3. Summary of key accounting policies (Continued)

option exchange association based on its share of eligible trades for option securities. Revenue is recorded as transactions occur on a trade date basis and is collected quarterly.

As a rule, rebates are deducted from sales revenue. They are recognised as an expense under "volume-related costs" to the extent that they exceed the associated sales revenue. This item also comprises expenses that depend on the number of certain trade or settlement transactions, the custody volume, or the Global Securities Financing volume, or that result from revenue sharing agreements or maker-taker pricing models. Volume-related costs no longer occur if the corresponding revenue is no longer generated.

Interest income and expenses are recognised using the effective interest method over the respective financial instrument's term to maturity. Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the income can be measured reliably. Interest expenses are recognised as an expense in the period in which they are incurred. Interest income and expenses from banking business are netted in the consolidated income statement and disclosed separately in note 4.

Dividends are recognised in the result from equity investments if the right to receive payment is based on legally assertable claims.

The consolidated income statement is structured using the nature-of-expense method.

Research and development costs

Research costs are expensed in the period in which they are incurred. Development costs are capitalised, provided that they satisfy the recognition criteria set out in IAS 38. These development costs include direct labour costs, costs of purchased services and workplace costs, including proportionate overheads that can be directly attributed to the preparation of the respective asset for use, such as costs for the software development environment. Development costs that do not meet the requirements for capitalisation are recognised in the consolidated income statement. Interest expense that cannot be allocated directly to one of the developments is recognised in profit or loss in the year under review and not included in capitalised development cost. If research and development costs cannot be separated, the expenditures are recognised as expenses in the period in which they are incurred.

All development costs (both primary costs and costs incurred subsequently) are allocated to projects. The projects are broken down into the following phases in order to decide which cost components need capitalising and which do not:

Non-capitalised phases

1. Design
   - Definition of product design
   - Specification of the expected economic benefit
   - Initial cost and revenue forecast

Capitalised phases

2. Detailed specifications
   - Compilation and review of precise specifications
   - Troubleshooting process
3. Building and testing
   - Software programming
   - Product testing

3. Summary of key accounting policies (Continued)

Non-capitalised phases

4. Acceptance
   - Planning and implementation of acceptance tests
5. Simulation
   - Preparation and implementation of simulation
   - Compilation and testing of simulation software packages
   - Compilation and review of documents
6. Roll-out
   - Planning of product launch
   - Compilation and dispatch of production systems
   - Compilation and review of documents

In accordance with IAS 38, only tasks belonging to the "detailed specifications" and "building and testing" phases are capitalised. All other phases of software development projects are expensed.

Intangible assets

Capitalised development costs are amortised from the date of first use of a software using the straight-line method over its expected useful life. The useful life of internally developed software is generally assumed to be five years; a useful life of seven years is used as the basis in the case of newly developed trading platforms and clearing systems.

Purchased software is carried at cost and reduced by systematic amortisation and, where necessary, impairment losses. Amortisation is charged using the straight-line method over the expected useful life or at most until the right of use has expired.

Useful life of software

Asset	Amortisation period
Standard software	3 to 10 years
Purchased custom software	3 to 6 years
Internally developed custom software	3 to 7 years

Intangible assets are derecognised on disposal or when no further economic benefits are expected to flow from them.

The amortisation period for intangible assets with finite useful lives is reviewed at least at the end of each financial year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

Goodwill is recognised at cost and tested at least once a year for impairment.

The cost of the other intangible assets acquired in the course of business combinations corresponds to the fair value as at the acquisition date. Assets with a finite useful life are amortised using the straight-line method over the expected useful life. Assets with an indefinite useful life are tested for impairment at least once a year.

3. Summary of key accounting policies (Continued)

Useful life of other intangible assets arising out of business combinations

Asset	Amortisation period
ISE's exchange licence	indefinite
Member relationships	30 years
Customer relationships	8 to 30 years
ISE trade name	10 years
STOXX trade name	indefinite
Historical data	5 years

As ISE's exchange licence has an indefinite term and ISE expects to retain the licence as part of its overall business strategy, the useful life of this asset is classified as indefinite. The STOXX trade name includes the trade name itself, the index methodologies and the Internet domains because these can generally not be transferred separately. There are no indications that time limitations exist with regard to the useful life of the STOXX trade name. A review is performed each reporting period to determine whether the events and circumstances still justify classifying as indefinite the useful lives of ISE's exchange licence and the STOXX trade name.

Property, plant and equipment

Depreciable property, plant and equipment is carried at cost less cumulative depreciation. The straight-line depreciation method is used. Costs of an item of property, plant and equipment comprise all costs directly attributable to the production process, as well as an appropriate proportion of production overheads. Financing costs were not recognised in the year under review, as they could not be directly allocated to any particular development.

Useful life of property, plant and equipment

Asset	Depreciation period
Computer hardware	3 to 5 years
Office equipment	5 to 25 years
Leasehold improvements	based on lease term

Repair and maintenance costs are expensed as incurred.

If it is probable that the future economic benefits associated with an item of property, plant and equipment will flow to the Group and the cost of the respective asset can be reliably determined, expenditure subsequent to acquisition is added to the carrying amount of the asset as incurred. The carrying amounts of the parts of the asset that have been replaced are derecognised.

Impairment losses on property, plant and equipment and intangible assets

Specific non-current non-financial assets are tested for impairment. At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. In this case, the carrying amount is compared with the recoverable amount (the higher of value in use and fair value less costs of disposal) to determine the amount of any potential impairment.

The value in use is estimated on the basis of the discounted estimated future cash flows from continuing use of the asset and from its ultimate disposal, before taxes. For this purpose, discount rates are estimated based on the prevailing pre-tax weighted average cost of capital. If no recoverable amount can be determined for an asset, it is allocated to a cash-generating unit, for which the recoverable amount is calculated.

Irrespective of any indications of impairment, intangible assets with indefinite useful lives and intangible assets not yet available for use must be tested for impairment annually at least. Impairment tests are performed where there are indications of impairment. If the estimated recoverable amount is lower than

3. Summary of key accounting policies (Continued)

the carrying amount, an impairment loss is recognised, and the net book value of the asset is reduced to its estimated recoverable amount.

Goodwill is allocated to identifiable groups of assets (cash-generating units) or groups of cash-generating units that create synergies from the respective acquisition. This corresponds to the lowest level at which Deutsche Börse Group monitors goodwill. An impairment loss is recognised if the carrying amount of the cash-generating unit to which goodwill is allocated (including the carrying amount of this goodwill) is higher than the recoverable amount of this group of assets. The impairment loss is first allocated to the goodwill, then to the other assets in proportion to their carrying amounts.

A review is conducted at every balance sheet date to see whether there is any indication that an impairment loss recognised on non-current assets (excluding goodwill) in the previous years no longer applies. If this is the case, the carrying amount of the asset is increased and the difference is recognised in profit or loss.The maximum amount of this reversal is limited to the carrying amount that would have resulted if no impairment loss had been recognised in previous periods. Impairment losses on goodwill are not reversed.

Financial investments

Financial investments comprise investments in associates and financial assets.

Investments in associates consist of investments in joint ventures and other associates. They are measured at cost on initial recognition and accounted for using the equity method upon subsequent measurement.

Financial assets ("Finanzielle Vermögenswerte")

For Deutsche Börse Group, financial assets are, in particular, other equity investments, receivables and securities from banking business, other financial instruments and other loans, financial instruments of Eurex Clearing AG, receivables and other assets as well as bank balances.

Recognition of financial assets

Financial assets are recognised when a Group company becomes a party to the contractual provisions of the instrument. They are generally recognised at the trade date. Loans and receivables from banking business, available-for-sale financial assets from banking business as well as purchases and sales of equities via the central counterparty (i.e. Eurex Clearing AG) are recognised at the settlement date.

Financial assets are initially measured at fair value; in the case of a financial asset that is not measured at fair value through profit or loss in subsequent periods, this includes transaction costs.

Subsequent measurement of financial assets

Subsequent measurement of financial instruments follows the categories which are described below. As in previous years, Deutsche Börse Group did not take advantage of the option to allocate financial assets to the "held-to-maturity investments" category in the year under review. In addition, the Group waived the possibility to designate financial assets at fair value through profit and loss (fair value option). The financial assets are allocated to the respective categories at initial recognition.

Assets held for trading

Derivatives that are not designated as hedging instruments as well as financial instruments of Eurex Clearing AG (see details below) are measured at fair value through profit or loss. Apart from financial instruments of Eurex Clearing AG this category includes in particular interest rate swaps, currency swaps and forward foreign exchange transactions. If they are settled within one year, they are allocated to current assets. All other financial assets are allocated to non-current assets.

Fair value of these derivatives is calculated based on observable current market rates. If resulting from banking business, realised and unrealised gains and losses are immediately recognised in the consolidated

3. Summary of key accounting policies (Continued)

income statement as "other operating income" and "other operating expenses" or, if incurred outside the banking business, as "financial income" and "financial expenses".

Loans and receivables

Loans and receivables comprise in particular current and non-current receivables from banking business, trade receivables as well as other current receivables. They are recognised at amortised cost, taking into account any potential impairment losses, if applicable. Premiums and discounts are included in the amortised cost of the instrument concerned and are amortised using the effective interest method; they are contained in "net interest income from banking business" if they relate to banking business, or in "financial income" and "financial expense".

Available-for-sale financial assets

Non-derivative financial assets are classified as "available-for-sale financial assets", if they cannot be allocated to the "loans and receivables" and "assets held for trading" categories. These assets comprise debt and equity investments recognised in the "other equity investments" and "other financial instruments" items as well as debt instruments recognised in the current and non-current receivables and securities from banking business items.

Available-for-sale financial assets are generally measured at the fair value observable in an active market. Unrealised gains and losses are recognised directly in equity in the revaluation surplus. Impairment and effects of exchange rates on monetary items are excluded from this general rule; they are recognised in profit or loss.

Equity instruments for which no active market exists are measured on the basis of current comparable market transactions, if these are available. If an equity instrument is not traded in an active market and alternative valuation methods cannot be applied to that equity instrument, it is measured at cost, subject to an impairment test.

Realised gains and losses are generally recognised under financial income or financial expense. Interest income is recognised in the consolidated income statement in net interest income from banking business based on the effective interest rate method. Other realised gains and losses are recognised in the consolidated income statement in "other operating income" and "other operating expenses".

If debt instruments of banking business are hedged instruments under fair value hedges, hedge accounting is applied for fair value adjustments corresponding to the hedged item (see "Fair value hedges" section below).

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows expire or when substantially all the risks and rewards of ownership of the financial assets are transferred.

Clearstream Banking S.A. acts as principal in securities borrowing and lending transactions in the context of the ASLplus securities lending system. Legally, it operates between the lender and the borrower without being an economic contracting partner (transitory items). In these transactions, the securities borrowed and lent match each other. Consequently, these transactions are not recognised in the consolidated balance sheet.

Impairment of financial assets

Financial assets that are not measured at fair value through profit or loss are reviewed at each balance sheet date to establish whether there is any indication of impairment.

Deutsche Börse Group has laid down criteria for assessing whether there is evidence of impairment. These criteria primarily include significant financial difficulties on the part of the debtor and breaches of contract.

3. Summary of key accounting policies (Continued)

The amount of an impairment loss for a financial asset measured at amortised cost is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. A subsequent reversal is recognised at a maximum at the carrying amount that would have resulted if no impairment loss had been recognised.

The amount of an impairment loss for a financial asset measured at cost (equity instruments that are non-listed) is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at a current market interest rate. Subsequent reversal is not permitted.

In the case of available-for-sale financial assets, the impairment loss is calculated as the difference between cost and fair value. Any reduction in fair value already recognised in equity is reclassified to profit or loss upon determination of the impairment loss. A subsequent reversal may only be recognised for debt instruments if the reason for the original impairment loss no longer applies.

Financial liabilities

Financial liabilities relate primarily to interest-bearing liabilities, other non-current liabilities, liabilities from banking business, financial instruments of Eurex Clearing AG, cash deposits by market participants as well as trade payables. They are recognised when a Group company becomes a contracting party to the instrument.

They are generally recognised at the trade date. Purchases and sales of equities via the central counterparty (i.e. Eurex Clearing AG) are recognised at the settlement date.

Netting of financial assets and liabilities

Financial assets and liabilities are offset and only the net amount is presented in the consolidated balance sheet when a Group company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities not measured at fair value through profit and loss

Financial liabilities not held for trading are carried at amortised cost. These liabilities comprise issued bonds and private placements. The borrowing costs associated with the placement of financial liabilities are included in the carrying amount, within the framework of the effective interest method, if they are directly attributable. Discounts reduce the carrying amount of liabilities and are amortised over the term of the liabilities.

Financial liabilities measured at fair value through profit and loss

A forward transaction with a non-controlling shareholder for the acquisition of non-controlling interests that is settled in cash or by delivering other financial assets is a financial liability recognised at fair value. It is subsequently measured at fair value through profit and loss. The equity interest attributable to a non-controlling shareholder underlying the transaction is accounted for as if it had already been acquired at the time of the transaction.

Derivatives and hedges

Derivatives are used to hedge interest rate risk or foreign exchange risk. All derivatives are carried at their fair values. The fair value of interest rate swaps is determined on the basis of current observable market interest rates. The fair value of forward foreign exchange transactions is determined on the basis of forward foreign exchange rates at the balance sheet date for the remaining period to maturity.

Hedge accounting is used for derivatives that are part of a hedging relationship determined to be highly effective and for which certain conditions are met. This relates in particular to the documentation of the hedging relationship and the risk strategy and to how reliably the effectiveness can be measured.

3. Summary of key accounting policies (Continued)

Cash flow hedges

The portion of the gain or loss on the hedging instrument determined to be highly effective is recognised directly in equity. This gain or loss ultimately adjusts the value of the hedged cash flow, i.e. the gain or loss from the hedging instrument is recognised in profit or loss when the hedged item is recognised in the balance sheet or in profit or loss. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Fair value hedges

The gain or loss on the hedging instrument, together with the gain or loss on the hedged item (underlying) attributable to the hedged risk, is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item adjusts its carrying amount.

Hedges of a net investment in a foreign operation

The effective portion of the gain or loss from a hedging transaction that is designated as a highly effective hedge is recognised directly in equity. It is recognised in profit or loss when the foreign operation is sold. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Derivatives that are not part of a hedging relationship

Gains or losses on derivative instruments that are not part of a highly effective hedging relationship are recognised immediately in the consolidated income statement.

Financial instruments of Eurex Clearing AG (central counterparty)

Eurex Clearing AG acts as the central counterparty and guarantees the settlement of all transactions involving futures and options on the Eurex exchanges (Eurex Deutschland and Eurex Zürich AG). As the central counterparty, it also guarantees the settlement of all transactions for Eurex Bonds (bond trading platform) and Eurex Repo (repo trading platform), certain exchange transactions in equities on Frankfurter Wertpapierbörse (FWB, the Frankfurt Stock Exchange) and certain cash market transactions on the Irish Stock Exchange. In addition, Eurex Clearing AG guarantees the settlement of all OTC (over-the-counter, i.e. off-exchange) transactions entered in the trading system of the Eurex exchanges, Eurex Bonds, Eurex Repo, the Frankfurt Stock Exchange and the Irish Stock Exchange. These transactions are only executed between Eurex Clearing AG and a clearing member.

In accordance with IAS 39, purchases and sales of equities and bonds via the central counterparty are recognised and simultaneously derecognised at the settlement date.

For products that are marked to market (futures and options on futures), Eurex Clearing AG recognises gains and losses on open positions of clearing members on each exchange day. By means of the variation margin, profits and losses on open futures positions resulting from market price fluctuations are settled on a daily basis. The difference between this and other margin types is that the variation margin does not comprise collateral, but is a daily offsetting of profits and losses in cash. In accordance with IAS 39, futures are therefore not reported in the consolidated balance sheet. For future-style options, the option premium is not required to be paid in full until the end of the term or upon exercise. Option premiums are carried in the consolidated balance sheet as receivables and liabilities at their fair value on the trade date.

“Traditional” options, for which the buyer must pay the option premium in full upon purchase, are carried in the consolidated balance sheet at fair value. Fixed-income bond forwards are recognised as derivatives and carried at fair value until the settlement date. Receivables and liabilities from repo transactions are classified as held for trading and carried at fair value. Receivables and liabilities from variation margins and cash collateral that is determined on the reporting date and only paid on the following day are carried at their nominal amount.

The “financial instruments of Eurex Clearing AG” are reported as non-current if the remaining maturity of the underlying transactions exceeds twelve months at the reporting date.

3. Summary of key accounting policies (Continued)

The fair values recognised in the consolidated balance sheet are based on daily settlement prices. These are calculated and published by Eurex Clearing AG in accordance with the rules set out in the contract specifications (see also the clearing conditions of Eurex Clearing AG).

Cash or securities collateral of Eurex Clearing AG

As Eurex Clearing AG guarantees the settlement of all traded contracts, it has established a multi-level collateral system. The central pillar of the collateral system is the determination of the overall risk per clearing member (margin) to be covered by cash or securities collateral. Losses calculated on the basis of current prices and potential future price risks are covered up to the date of the next collateral payment.

In addition to these daily collateral payments, each clearing member must make contributions to the clearing fund (for further details, see the risk report in the combined management report). Cash collateral is reported in the consolidated balance sheet under "cash deposits by market participants" and the corresponding amounts under "restricted bank balances".

In accordance with IAS 39.20 (b) in conjunction with IAS 39.37, securities collateral is not derecognised by the clearing member providing the collateral, as the transfer of securities does not meet the conditions for derecognition.

Treasury shares

The treasury shares held by Deutsche Börse AG at the reporting date are deducted directly from shareholders' equity. Gains or losses on treasury shares are taken directly to equity. The transaction costs directly attributable to the acquisition of treasury shares are accounted for as a deduction from shareholders' equity (net of any related income tax benefit).

Other current assets

Receivables, other assets, and cash and cash equivalents are carried at their nominal amount. Adequate valuation allowances take account of identifiable risks.

Restricted bank balances include cash deposits by market participants which are invested largely overnight, mainly in the form of reverse repurchase agreements with banks.

Non-current assets held-for-sale

Non-current assets that are available for immediate sale in their present condition and whose sale is highly probable within a reasonable period of time are classified as "non-current assets held for sale". A transaction is highly probable if measures for the sale have already been initiated and the relevant bodies have adopted the corresponding resolutions.

Pensions and other employee benefits

Pensions and other employee benefits relate to defined contribution and defined benefit pension plans.

Defined contribution pension plans

There are defined contribution plans as part of the occupational pension system via pension funds and similar pension institutions, as well as on the basis of the 401(k) plan. In addition, contributions are paid to the statutory pension insurance scheme. The level of contributions is normally determined in relation to income. No provisions are recognised for defined contribution plans. The contributions paid are reported as pension expenses in the year of payment.

There are defined contribution pension plans for employees working in Germany, Luxembourg, the Czech Republic, the UK and the USA. In addition, the employer pays contributions to employees' private pension funds.

3. Summary of key accounting policies (Continued)

Defined benefit plans

Provisions for pension obligations are measured, separately for each pension plan, using the projected unit credit method on the basis of actuarial reports. The fair value of plan assets, taking into account the asset ceiling rules if there are any surplus plan assets, is deducted from the present value of pension obligations. This results in the net defined benefit liability or asset. Net interest for the financial year is calculated by applying the discount rate determined at the beginning of the financial year to the net defined benefit liability determined as at that date.

The relevant discount rate is determined by reference to the return on long-term corporate bonds with a rating of at least AA (Moody's Investors Service, Standard & Poor's, Fitch Ratings and Dominion Bond Rating Service) on the basis of the information provided by Bloomberg, and a maturity that corresponds approximately to the maturity of the pension obligations. Moreover, the bonds must be denominated in the same currency as the underlying pension obligation. Measurement of the pension obligations in euros is based on a discount rate of 3.4 per cent, which is determined according to the Towers Watson "GlobalRate:Link" methodology (updated in line with the current market trend).

Actuarial gains or losses resulting from changes in expectations with regard to life expectancy, pension trends, salary trends, or the discount rate as compared with the estimate at the beginning of the period or compared with the actual development during the period are recognised directly in other comprehensive income. Actuarial gains and losses recognised in other comprehensive income may not be reclassified to profit or loss in subsequent periods. Similarly, differences between the (interest) income on plan assets determined at the beginning of the period and the return on plan assets actually recorded at the end of the period are also recognised directly in other comprehensive income. The actuarial gains or losses and the difference between the expected and the actual return or loss on plan assets are recognised as revaluation surplus.

Other long-term benefits for employees and members of executive boards (total disability pension, tran-sitional payments and surviving dependents' pensions) are also measured using the projected unit credit method. Actuarial gains and losses and past service cost are recognised immediately and in full through profit or loss.

Other provisions

Provisions are recognised if the Group has a present obligation from an event in the past, an outflow of resources with economic benefit to settle the obligation is probable and it is possible to reliably estimate the amount of this obligation. The amount of the provision corresponds to the best possible estimate of the expense which is necessary to settle the obligation at the balance sheet date. A provision for restructuring is only recognised when an entity has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that the restructuring measures will be implemented, for example by starting to implement that plan or announcing its main features to those affected by it. Contingent liabilities are not recognised, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Share-based payment

Deutsche Börse Group operates the Group Share Plan and the Stock Bonus Plan (SBP), which provide share-based payment components for employees, senior executives and executive board members.

Group Share Plan

Under the Group Share Plan, shares are granted at a discount to the market price. The expense of this discount is recognised in the income statement at the grant date.

Stock Bonus Plan (SBP)

The SBP shares are generally accounted for as share-based payments for which Deutsche Börse AG has a choice of settlement in cash and equity instruments. In financial year 2013, as in the previous years, a

3. Summary of key accounting policies (Continued)

standard contract was drafted to settle the tranche due in the following year in cash. Under these circumstances, there is at present a presumption in accordance with IFRS 2 that all SBP shares will be settled in cash. Accordingly, Deutsche Börse Group has measured the SBP shares as cash-settled share-based payment transactions.The cost of the options is estimated using an option pricing model (fair value measurement) and recognised in staff costs in the income statement. Any right to payment of a stock bonus only vests after the expiration of the service or performance period on which the plan is based.

A separate variable share-based payment has been agreed for Deutsche Börse AG's Executive Board since financial year 2010. The number of virtual shares for each Executive Board member is calculated on the basis of Deutsche Börse AG's average share price in the two months preceding the point in time at which the Supervisory Board establishes the 100 per cent target value for the variable share component. The calculation of the subsequent payout amount of the stock bonus depends on the change in relative shareholder return and Deutsche Börse AG's share price performance. Claims under this stock bonus programme are settled in cash after the expiration of the three-year performance period.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed using the balance sheet approach. The deferred tax calculation is based on temporary differences between the carrying amounts in the tax accounts and the carrying amounts in the IFRS financial statements that lead to a future tax liability or benefit when assets are used or sold or liabilities are settled.

The deferred tax assets or liabilities are measured using the tax rates that are currently expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised for the carryforward of unused tax losses only to the extent that it is probable that future taxable profit will be available. Deferred tax assets and deferred tax liabilities are offset where a legally enforceable right to set off current tax assets against current tax liabilities exists and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Leases

Leases are classified as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Leased assets and the associated liabilities are recognised at the lower of fair value and the present value of the minimum lease payments if the criteria for classification as a finance lease are met. The leased asset is depreciated or amortised using the straight-line method over its useful life or the lease term, if shorter. In subsequent periods, the liability is measured using the effective interest method.

Expenses incurred in connection with operating leases are recognised as an expense on a straight-line basis over the lease term.

Consolidation

All subsidiaries directly or indirectly controlled by Deutsche Börse AG are included in Deutsche Börse AG's consolidated financial statements. Deutsche Börse Group controls a company if it is exposed to variable returns resulting from its involvement with the company in question or has rights to such returns and is able to influence them by using its power over the company.

Initial consolidation of subsidiaries in the course of business combinations uses the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. Any excess of cost over the acquirer's interest in the fair value of the subsidiary's net identifiable assets is recognised as goodwill. Goodwill is reported in subsequent periods at cost less accumulated impairment losses.

Intragroup assets and liabilities are eliminated. Income arising from intragroup transactions is eliminated against the corresponding expenses. Profits or losses arising from deliveries of intragroup goods and

3. Summary of key accounting policies (Continued)

services, as well as dividends distributed within the Group, are eliminated. Deferred taxes are recognised for consolidation adjustments where these are expected to reverse in subsequent years.

Interests in equity attributable to non-controlling interest shareholders are carried under "non-controlling interests" within equity. Where these are classified as "puttable instruments", they are reported under "liabilities".

Currency translation

Transactions denominated in a currency other than a company's functional currency are translated into the functional currency at the spot exchange rate applicable at the transaction date. At the balance sheet date, monetary balance sheet items in foreign currency are measured at the exchange rate at the balance sheet date, while non-monetary balance sheet items recognised at historical cost are measured at the exchange rate on the transaction date. Non-monetary balance sheet items measured at fair value are translated at the closing rate on the valuation date. Exchange rate differences are recorded as other operating income or expense in the period in which they arise unless the underlying transactions are hedged. Gains and losses from a monetary item that forms part of a net investment in a foreign operation are recognised directly in "accumulated profit".

The annual financial statements of companies whose functional currency is not the euro are translated into the reporting currency as follows: assets and liabilities are translated into euros at the closing rate. The items in the consolidated income statement are translated at the average exchange rates for the period under review. Resulting exchange differences are recognised directly in accumulated profit. When the relevant subsidiary is sold, these exchange differences are recognised in consolidated profit for the period in which the deconsolidation gain or loss is realised.

The following euro exchange rates of consequence to Deutsche Börse Group were applied:

Exchange rates

		Average rate 2013	Average rate 2012	Closing price as at 31 Dec 2013	Closing price as at 31 Dec 2012
Swiss francs	CHF	1.2294	1.2043	1.2256	1.2073
US dollars	USD (US$)	1.3317	1.2929	1.3769	1.3196
Czech koruna	CZK	26.0261	25.1182	27.4000	25.0960

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from initial consolidation are reported in the functional currency of the foreign operation and translated at the closing rate.

Key sources of estimation uncertainty and management judgements

The application of accounting policies, presentation of assets and liabilities and recognition of income and expenses requires the Executive Board to make certain judgements and estimates. Adjustments in this context are taken into account in the period the change was made as well as in subsequent periods, where necessary.

Impairment

Deutsche Börse Group tests goodwill and intangible assets with indefinite useful lives for impairment at least once a year. Certain assumptions have to be made to determine the recoverable amount, which is calculated regularly using discounted cash flow models. This is based on the relevant business plans with a time horizon of 3 to 5 years. These plans in turn contain projections of the future financial performance of the cash-generating units. If their actual financial performance fails to meet these expectations, corresponding adjustments may be necessary. For further information on the effects of changes in the discount rate and further assumptions, please see note 11.

3. Summary of key accounting policies (Continued)

Pensions and other employee benefits

Pensions and other employee benefits are measured using the projected unit credit method, which calculates the actuarial present value of the accumulated benefit obligation. Calculating the present value requires certain actuarial assumptions (such as the discount rate, staff turnover rate, salary and pension trends) to be made. The current service cost and the net interest expense or income for the subsequent period are calculated on the basis of these assumptions. Any departures from these assumptions, for example because of changes in the macroeconomic environment, are recognised in other comprehensive income in the following financial year. A sensitivity analysis of the key factors is presented in note 22.

Income taxes

Deutsche Börse Group is subject to the tax laws of those countries in which it operates and generates income. Considerable management judgement has to be exercised in determining the tax provisions. For a large number of transactions and calculations, no definitive tax-relevant information is available at the time these figures are determined. Deutsche Börse Group recognises corresponding provisions for risks expected from external tax audits. If the final results of these external audits differ from the estimates, the resulting effects on current and deferred taxes are recognised in the period in which they become known.

Legal risks

Deutsche Börse AG or its group companies are subject to litigation. Such litigation may lead to orders to pay against the entities of the group. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation if such amount is reasonably estimable. Management judgement includes the determination whether there is a possible obligation from past events, the evaluation of the probability that an outflow will occur and the estimation of the potential amount. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously. For further information on other risks please see note 37.

Group Share Plans

Note 39 contains disclosures on the valuation model used for the stock options. Where the estimates of the valuation parameters originally applied differ from the actual values available when the options are exercised, adjustments are necessary; such adjustments are recognised in the consolidated income statement for the period if they relate to cash-settled share-based payment transactions.

Provisions

In addition, the probable utilisation applied when establishing provisions for expected losses from rental agreements is estimated (see note 24). In the creation of personnel-related restructuring provisions, certain assumptions were made with regard to, for example, fluctuation rate, discount rate and salary trends. Should the actual values deviate from these assumptions, adjustments may be necessary.

Consolidated income statement disclosures

4. Net revenue

Composition of net revenue

	Sales revenue		Net interest income from banking business		Other operating income		Volume-related costs		Net revenue	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Eurex										
Equity index derivatives	349.7	402.5	0	0	0	0	(24.4)	(27.9)	325.3	374.6
Interest rate derivatives	183.9	170.9	0	0	0	0	0	0	183.9	170.9
US options (ISE)	180.8	157.7	0	0	0	0	(89.3)	(63.7)	91.5	94.0
Equity derivatives	41.9	41.9	0	0	0	0	(1.7)	(1.6)	40.2	40.3
Other assets	93.7	85.2	0	0	13.5	10.2	(7.4)	(7.7)	99.8	87.7
	850.0	**858.2**	**0**	**0**	**13.5**	**10.2**	**(122.8)**	**(100.9)**	**740.7**	**767.5**
Xetra										
Trading[(1)]	115.3	108.9	0	0	0	0	(22.6)	(18.4)	92.7	90.5
Clearing and settlement fees	34.5	34.5	0	0	0	0	(6.5)	(5.1)	28.0	29.4
Other assets	22.2	19.0	0	0	8.9	6.4	(0.1)	(0.8)	31.0	24.6
	172.0	**162.4**	**0**	**0**	**8.9**	**6.4**	**(29.2)**	**(24.3)**	**151.7**	**144.5**
Clearstream										
Custody fees	445.3	438.2	0	0	0	0	(103.9)	(103.7)	341.4	334.5
Transaction fees	121.2	111.1	0	0	0	0	(12.2)	(12.1)	109.0	99.0
Global Securities Financing	88.3	89.4	0	0	0	0	(30.5)	(32.3)	57.8	57.1
Net interest income	0	0	35.9	52.0	0	0	0	0	35.9	52.0
Other assets	119.2	118.9	0	0	7.4	3.1	16.8	(14.7)	109.8	107.3
	774.0	**757.6**	**35.9**	**52.0**	**7.4**	**3.1**	**(163.4)**	**(162.8)**	**653.9**	**649.9**
Market Data + Services										
Sales of price information[(2)]	163.5	161.9	0	0	0.3	0	(21.7)	(20.8)	142.1	141.1
Indices	84.4	83.6	0	0	1.5	1.7	(8.9)	(9.1)	77.0	76.2
Connectivity	70.7	66.3	0	0	0	0	0	(0.7)	70.7	65.6
Technology Services	56.0	68.3	0	0	0.5	0.9	(0.4)	(0.9)	56.1	68.3
Other assets	23.7	22.0	0	0	1.3	1.4	(4.9)	(4.2)	20.1	19.2
	398.3	**402.1**	**0**	**0**	**3.6**	**4.0**	**(35.9)**	**(35.7)**	**366.0**	**370.4**
Total	**2,194.3**	**2,180.3**	**35.9**	**52.0**	**33.4**	**23.7**	**(351.3)**	**(323.7)**	**1,912.3**	**1,932.3**
Consolidation of internal net revenue	**(34.0)**	**(35.0)**	**0**	**0**	**(12.8)**	**(12.0)**	**46.8**	**47.0**	**0**	**0**
Group	**2,160.3**	**2,145.3**	**35.9**	**52.0**	**20.6**	**11.7**	**(304.5)**	**(276.7)**	**1,912.3**	**1,932.3**

(1) The „Trading" item includes Börse Frankfurt (formerly Xetra Frankfurt Specialist Trading; Since Q3/2013 following the termination of the Börse Frankfurt Zertifikate Holding S.A. cooperation including certificates and warrants) and the electronic Xetra trading system.

(2) As the products of Market News International Inc. and Need To Know News, LLC have been fully integrated, the sales revenue of these two companies is reported under the sales of price information for the Market Data + Services segment. Prior-year figures have been adjusted accordingly.

4. Net revenue (Continued)

Since the first quarter of 2012, Deutsche Börse Group has been using net revenue as primary key performance indicator for income. This consists of sales revenue plus external net interest income from banking business and other operating income deducing volume-related costs. The increase in volume-related costs is mainly due to methodological factors. Changes to fee models pushed up both volume-related costs and revenue, so that the changes had no impact on earnings overall.

As a result of the changes made to Deutsche Börse Group's organisational structure as at 1 January 2013, various products (mainly connectivity and technology services) were transferred from the previous market segments to the new Market Data + Services segment. See also note 35. Prior-year figures have been adjusted accordingly.

Composition of net interest income from banking business

	2013	2012
	€m	€m
Loans and receivables	22.3	84.2
Financial liabilities measured at amortised cost	(7.2)	(58.0)
Available-for-sale financial assets	5.1	15.1
Financial assets or liabilities measured at fair value through profit or loss:		
Interest income	16.1	14.5
Interest expense	(0.3)	(2.2)
Interest income—interest rate swaps—fair value hedges	0	0.5
Interest expense—interest rate swaps—fair value hedges	0	(2.1)
Total	**36.0**	**52.0**

Composition of other operating income

	2013	2012
	€m	€m
Income from exchange rate differences	6.9	1.4
Income from settlement of put options[1]	2.0	0
Income from agency agreements	0.7	0.9
Rental income from sublease contracts	0.6	1.3
Miscellaneous	10.4	8.1
Total	**20.6**	**11.7**

(1) See note 14 for further details on the acquisition of Clearstream Fund Services Ireland Ltd.

For details of rental income from sublease contracts see note 38.

Miscellaneous other operating income includes income from cooperation agreements and from training and valuation adjustments.

Volume-related costs comprise partial or advance concessions which Deutsche Börse Group obtains from third parties, which it markets as part of its own value chain, and which indirectly depend on the development of volume trends and sales revenue.

5. Staff costs

Composition of staff costs

	2013	2012
	€m	€m
Wages and salaries	369.0	345.7
Social security contributions, retirement and other benefits	107.0	68.5
Total	**476.0**	**414.2**

Staff costs include costs of €62.6 million (2012: €14.4 million) recognised in connection with efficiency programmes.

6. Other operating expenses

Composition of other operating expenses

	2013	2012
	€m	€m
Costs related to OFAC settlement	129.0	—
Costs for IT services providers and other consulting services	159.5	156.1
IT costs	78.5	81.4
Premises expenses	75.1	78.5
Non-recoverable input tax	34.4	34.5
Advertising and marketing costs	34.4	23.1
Travel, entertainment and corporate hospitality expenses	20.6	19.5
Non-wage labour costs and voluntary social benefits	12.6	11.7
Insurance premiums, contributions and fees	12.0	12.2
Cost of agency agreements	7.7	11.7
Remuneration of supervisory bodies	5.0	4.4
Cost of exchange rate differences	3.9	2.5
Miscellaneous	15.3	3.8
Total	**588.0**	**439.4**

Costs for IT services providers and other consulting services relate mainly to expenses in conjunction with software development. An analysis of development costs is presented in note 7. These costs also contain costs of strategic and legal consulting services as well as of audit activities.

Composition of fees for the auditor(1)

	2013	2012
	€m	€m
Statutory audit	1.9	1.5
Other assurance or valuation services	1.0	0.7
Tax advisory services	0.5	0.5
Other services	0.2	0.9
Total	**3.6**	**3.6**

(1) With companies of KPMG Europe LLP Group. There are further assignments with other companies of KPMG, in particular in Singapore, the Czech Republic and the USA.

7. Research and development costs

Own expenses capitalised relate solely to development costs of internally developed software, involving the following systems and projects in the individual segments:

Research and development costs

	Total expense for software development		of which capitalised	
	2013	2012	2013	2012
	€m	€m	€m	€m
Eurex				
Eurex software	5.4	12.8	2.2	4.2
Trading platform Xetra/Eurex	25.0	27.5	10.2	14.7
Eurex Clearing Prisma	24.0	18.8	10.4	12.6
New trading platform ISE	5.9	5.2	5.3	4.1
EurexOTC Clear	35.7	28.8	14.1	11.8
	96.0	**93.1**	**42.2**	**47.4**
Xetra				
Xetra software	4.8	5.1	0.3	0.3
CCP releases	2.9	3.4	0.3	0.6
	7.7	**8.5**	**0.6**	**0.9**
Clearstream				
Collateral Management and Settlement	58.9	41.0	34.0	20.9
Custody	10.2	12.2	5.2	7.7
Connectivity	20.0	4.4	6.9	3.1
Investment funds	4.9	4.3	1.7	2.7
	94.0	**61.9**	**47.8**	**34.4**
Market Data + Services	**4.2**	**4.1**	**0.3**	**0.5**
Research expense	**1.8**	**1.0**	**0**	**0**
Total	**203.7**	**168.6**	**90.9**	**83.2**

8. Result from equity investments

Composition of result from equity investments

	2013	2012
	€m	€m
Equity method-accounted result of associates		
European Energy Exchange AG	3.8	0.5
Direct Edge Holdings, LLC	2.2	1.9
Börse Frankfurt Zertifikate Holding S.A.[1]	1.4	4.5
Tradegate AG Wertpapierhandelsbank	0.3	0
ID's SAS	0.2	0.1
Deutsche Börse Commodities GmbH	0.1	0.3
Total income from equity method measurement	**8.0**	**7.3**
Zimory GmbH	(0.6)	n.a.
Deutsche Börse Cloud Exchange AG	(0.5)	n.a.
Digital Vega FX Ltd.	(0.1)	(0.1)
Hanweck Associates, LLC	(0.1)	(0.1)
Global Markets Exchange Group International, LLP	(0.1)	n.a.
Indexium AG	0	(4.0)
Link-Up Capital Markets, S.L.	0	(0.5)
Total expenses from equity method measurement from associates	**(1.4)**	**(4.7)**
Result from associates	**6.6**	**2.6**
Result due to transition from equity method to consolidation	**2.0**	**n.a.**
Result from other equity investments	**0.7**	**(6.9)**
Result from equity investments	**9.3**	**(4.3)**

(1) Until 12 December 2013 Scoach Holding S.A., see note 2.

The result from other equity investments includes impairment losses of €1.6 million (2012: €10.8 million) relating to the investment in Quadriserv Inc. The negative performance is attributable in particular to the continuing difficult capital market environment and the company's declining market share during financial year 2013.

The result from other equity investments includes income of €0.2 million resulting from the remeasurement in connection with the disposal of the equity investment in Link-Up Capital Markets, S.L, Madrid, Spain. The investment in Link-Up Capital Markets, S.L. had been classified as held for sale since the fourth quarter of 2012.

Dividends of €10.9 million (2012: €10.1 million) were received from interests in associates and €2.0 million (2012: €2.8 million) from interests in other equity investments in the year under review.

9. Financial result

Composition of financial income

	2013	2012
	€m	€m
Interest on reverse repurchase agreements categorised as "loans and receivables"	3.1	10.4
Income from available-for-sale securities	1.7	0.7
Other interest and similar income	0.4	0.2
Interest income from receivables against associates and employees categorised as "loans and receivables"	0.3	0.2
Interest on bank balances categorised as "loans and receivables"	0.2	0.7
Interest-like income from revaluation of derivatives held for trading	0	0.1
Total	**5.7**	**12.3**

9. Financial result (Continued)

Composition of financial expense

	2013	2012
	€m	€m
Interest on non-current loans[1]	57.1	99.7
Interest on taxes	6.1	6.1
Expenses from the unwinding of the discount on the pension provisions	3.9	4.3
Interest-like expenses for exchange rate differences on liabilities[1]	3.2	1.8
Interest-like expenses for derivatives held as hedging instruments	2.1	0.9
Transaction costs of non-current liabilities[1]	0.8	1.7
Interest on current liabilities[1]	0.3	0.9
Expenses from the unwinding of the discount on the liability to SIX Group AG[1]	0	27.4
Other costs	2.9	2.2
Total	**76.4**	**145.0**

(1) Measured at amortised cost

10. Income tax expense

Composition of income tax expense (main components)

	2013	2012
	€m	€m
Current income taxes:		
of the year under review	181.0	224.1
from previous years	(11.3)	(1.4)[1]
Deferred tax (income)/expense on temporary differences	2.1	(56.9)
Total	**171.8**	**165.8**

(1) This does not include other taxes amounting to €1.1 million.

The total current tax expenses in the amount of €169.7 million include domestic tax expenses of €135.1 million and foreign tax expenses of €34.6 million (2012: domestic tax expenses €156.2 million, foreign tax expenses €67.6 million). The total deferred tax income in the amount of €2.1 million include domestic tax expenses of €(1.1) million and foreign tax income of €3.2 million (2012: domestic tax expenses €6.3 million, foreign tax income €(63.2) million).

As in the previous year, a tax rate of 26 to 28 per cent was used in the reporting period to calculate deferred taxes for the German companies. This reflects trade income tax at multipliers of 280 to 460 per cent (2012: 280 to 460 per cent) on the tax base value of 3.5 per cent (2012: 3.5 per cent), corporation tax of 15 per cent (2012: 15 per cent) and the 5.5 per cent solidarity surcharge (2012: 5.5 per cent) on the corporation tax.

A tax rate of 29.22 per cent (2012: 28.80 per cent) was used for the Luxembourgian companies, reflecting trade income tax at a rate of 6.75 per cent (2012: 6.75 per cent) and corporation tax at 22.47 per cent (2012: 22.05 per cent).

Tax rates of 12.5 to 45 per cent were applied to the companies in China, the Czech Republic, Ireland, Japan, Portugal, Singapore, Spain, Switzerland and the USA (2012: 17 to 45 per cent).

The following table shows the carrying amounts of deferred tax assets and liabilities as well as the related tax expenses recognised in income or directly in equity.

10. Income tax expense (Continued)

Composition of deferred taxes

	Deferred tax assets		Deferred tax liabilities		Exchange rate differences	Deferred tax expense/ (income)		Tax expense/ (income) recognised directly in equity	
	2013	2012	2013	2012	2013	2013	2012	2013	2012
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Pension provisions and other employee benefits	36.0	43.4	0	0	0.3	3.3	1.3	3.8[2]	(14.8)[2]
Other provisions	16.1	5.4	0	3.7	0.5	(7.5)	0.6	0	0
Interest-bearing liabilities	0	0	(1.1)	(0.9)	0	0.2	0.2	0	0
Intangible assets	0	0	(19.9)	(13.9)	0	6.0	3.9	0	0
Intangible assets from purchase price allocation	0	0	(236.6)	(248.1)	(7.3)	(4.2)	(22.1)	0	0
Non-current assets	1.7[1]	0.3	0	0	0	(2.5)	(3.9)	0	0
Investment securities	0	0	(4.5)	(7.3)	0	(3.8)	(0.4)	1.0[2]	6.8[2]
Other non-current assets	3.0	4.4	0	0	0	0.8	(0.1)	0.6[2]	(2.8)[2]
Other liabilities	1.6	0	0	0	0	(1.6)	0	0	0
Losses carried forward	25.8[3]	36.4	0	0	0.4	11.4	(36.4)	0	0
Exchange rate differences	0	0	(16.5)	(38.3)	0	0	0	(21.8)[4]	(12.1)[4]
Gross amounts	**84.2**	**89.9**	**(278.6)**	**(304.8)**	**(6.1)**	**2.1**	**(56.9)**	**(16.4)**	**(22.9)**
Netting of deferred taxes	(35.2)	(30.1)	35.2	30.1					
Total	**49.0**	**59.8**	**(243.4)**	**(274.7)**	**(6.1)**	**2.1**	**(56.9)**	**(16.4)**	**(22.9)**

(1) Thereof €(1.1) million due to changes in the basis of consolidation resulting from the termination of the cooperating agreement governing the investment in Börse Frankfurt Zertifikate Holding S.A. (see also note 2)

(2) Separate disclosure in the consolidated statement of changes in equity under "revaluation surplus"

(3) Thereof €1.2 million due to changes in the basis of consolidation resulting from the termination of the cooperating agreement governing the investment in Börse Frankfurt Zertifikate Holding S.A. (see also note 2)

(4) Separate disclosure in the consolidated statement of changes in equity under "accumulated profit"

€64.8 million (2012: €67.4 million) of deferred tax assets and €247.7 million (2012: €242.7 million) of deferred tax liabilities have an expected remaining maturity of more than one year.

Deferred tax liabilities have not been recognised in respect of the tax on future dividends that may be paid from retained earnings by subsidiaries and associated companies. In accordance with section 8b (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act), 5 per cent of dividends and similar income received by German companies is treated as non-deductible expenses for tax purposes. The unreported deferred tax liabilities on future dividends of subsidiaries and associates as well as gains from the disposal of subsidiaries and associates amount to €2.3 million.

10. Income tax expense (Continued)

Reconciliation between the expected and the reported tax expense

	2013	2012
	€m	€m
Expected income taxes derived from earnings before tax	173.7	217.5
Tax losses utilised and tax-ineffective losses carried forward	5.9	22.4
Recognition of deferred taxes on losses carried forward not yet recognised	(0.8)	(36.4)
Tax increases due to other non-tax-deductible expenses	6.7	7.8
Effects resulting from different tax rates	0.8	(1.0)
Effects from changes in tax rates	0	(20.7)
Tax decreases due to dividends and income from the disposal of equity investments	(9.8)	(21.5)
Exchange rate differences	8.2	(0.6)
Other	(1.5)	(0.3)
Income tax expense arising from current year	**183.2**	**167.2**
Prior-period income taxes	(11.4)	(0.3)
Income tax expense	**171.8**	**166.9**

To determine the expected tax expense, earnings before tax have been multiplied by the composite tax rate of 26 per cent assumed for 2013 (2012: 26 per cent).

At the end of the financial year, accumulated unused tax losses amounted to €176.7 million (2012: €176.3 million), for which no deferred tax assets were recognised. The unused tax losses amounting to €176.7 million are attributable to domestic losses totalling €6.3 million and to foreign tax losses totalling €170.4 million (2012: domestic tax losses €7.2 million, foreign tax losses €169.1 million). Tax losses of €3.6 million were utilised in 2013 (2012: €1.4 million).

The losses can be carried forward in Germany subject to the minimum taxation rules, and in Luxembourg indefinitely as the law now stands. Losses in other countries can be carried forward for periods of up to 20 years.

Consolidated balance sheet disclosures

11. Intangible assets

Intangible assets

	Purchased software	Internally developed software	Goodwill	Payments on account and construction in progress[1]	Other intangible assets	Total
	€m	€m	€m	€m	€m	€m
Historical cost as at 1 Jan 2012	**304.2**	**751.5**	**2,105.9**	**56.3**	**1,980.3**	**5,198.2**
Changes in the basis of consolidation[2]	0	0	4.0	0	0	4.0
Additions	17.9	8.7	0.1	74.5	0	101.2
Disposals	(36.3)	(38.4)	0	0	(3.1)	(77.8)
Reclassifications	0	45.4	0	(45.4)	0	0
Exchange rate differences	(0.2)	(0.6)	(20.9)	0	(31.8)	(53.5)
Historical cost as at 31 Dec 2012	**285.6**	**766.6**	**2,089.1**	**85.4**	**1,945.4**	**5,172.1**
Changes in the basis of consolidation[3]	0	0	4.6	0	3.9	8.5
Additions	7.2	15.7	0	75.2	0.9	99.0
Disposals	(88.5)	(200.6)	0	0	0	(289.1)
Reclassifications	0	75.4	0	(75.4)	0	0
Exchange rate differences	(0.2)	(1.4)	(40.4)	0	(61.6)	(103.6)
Historical cost as at 31 Dec 2013	**204.1**	**655.7**	**2,053.3**	**85.2**	**1,888.6**	**4,886.9**
Amortisation and impairment losses as at 1 Jan 2012	**284.5**	**670.0**	**10.7**	**0**	**1,069.2**	**2,034.4**
Amortisation	10.1	29.9	0	0	19.5	59.5
Disposals	(36.2)	(38.3)	0	0	(3.1)	(77.6)
Exchange rate differences	(0.1)	(0.4)	0	0	(22.5)	(23.0)
Amortisation and impairment losses as at 31 Dec 2012	**258.3**	**661.2**	**10.7**	**0**	**1,063.1**	**1,993.3**
Amortisation	12.7	39.7	0	0	17.4	69.8
Impairment losses	0	0.6	0	0	0	0.6
Disposals	(87.8)	(202.5)	0	0	0	(290.3)
Exchange rate differences	(0.2)	(1.0)	0	0	(44.0)	(45.2)
Amortisation and impairment losses as at 31 Dec 2013	**183.0**	**498.0**	**10.7**	**0**	**1,036.5**	**1,728.2**
Carrying amount as at 31 Dec 2012	27.3	105.4	2,078.4	85.4	882.3	3,178.8
Carrying amount as at 31 Dec 2013	**21.1**	**157.7**	**2,042.6**	**85.2**	**852.1**	**3,158.7**

(1) Additions in payments on account and construction in progress in the year under review relate exclusively to internally developed software.

(2) This relates exclusively to additions as part of the acquisition of Clearstream Fund Services, Ireland Ltd.

(3) This relates exclusively to additions as part of the business combination with Börse Frankfurt Zertifikate Holding S.A. and Börse Frankfurt Zertifikate AG, see note 2.

Software, payments on account and construction in progress

Additions to and reclassifications of software relate primarily to the development of software products for the Clearstream segment and to the development of the new derivatives platform and risk margining and clearing system (Prisma) of the Eurex segment.

An impairment loss of €0.6 million (2012: nil) was recognised in the year under review on OCC-Link, the planned trading and clearing link (Eurex segment), due to a missing approval to use the service.

11. Intangible assets (Continued)

Carrying amounts of material software and construction in progress as well as remaining amortisation periods of software

	Carrying amount as at		Remaining amortisation period as at	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	€m	€m	years	years
Eurex				
Derivatives trading platform	34.8	27.9	4.9–5.9	n.a.
ISE trading platform including applications	31.3	36.6	3.3–4.7	4.3
Eurex Clearing Prisma	16.1	17.8	6.3	n.a.
Eurex Release 14.0 Clearing	20.3	10.0	n.a.	n.a.
Eurex Clearing Prisma Release 2.0	10.2	n.a.	n.a.	n.a.
Clearstream				
GVAS	14.3	18.2	3.7	4.7
TARGET2-Securities	30.3	11.5	n.a.	n.a.

Goodwill

Changes in goodwill

	Clearstream	ISE	STOXX	Other assets	Total goodwill
	€m	€m	€m	€m	€m
Balance as at 1 Jan 2013	**1,063.8**	**961.3**	**32.6**	**20.7**	**2,078.4**
Changes in the basis of consolidation	0	0	0	4.6	4.6
Exchange rate differences	0	(40.0)	0	(0.4)	(40.4)
Additions	0	0	0	0	0
Balance as at 31 Dec 2013	**1,063.8**	**921.3**	**32.6**	**24.9**	**2,042.6**

The impairment test is performed by allocating the goodwill to the following groups of cash-generating units (CGUs):

Goodwill allocation to the groups of cash-generating units (CGUs)

	CGU Clearstream	CGU Eurex	CGU Market Data + Services	CGU Fund Services	CGU Infobolsa	CGU Börse Frankfurt Zertifikate	Total goodwill
	€m	€m	€m	€m	€m	€m	€m
Balance as at 31 Dec 2013	1,063.8	921.3	42.9	4.0	6.0	4.6	2,042.6

Goodwill, the stock exchange licences acquired as part of the acquisitions of the International Securities Exchange and the Börse Frankfurt Zertifikate as well as the acquired trade name of STOXX are intangible assets with an indefinite useful life. The recoverable amounts of the cash-generating units with allocated goodwill are based either on their values in use (CGU Clearstream and CGU Eurex) or on their fair value less costs of disposal (CGU Market Data + Services, CGU Infobolsa, CGU Fund Services and CGU Börse Frankfurt Zertifikate). Only in cases in which one of these values (value in use or fair value less costs of disposal) does not exceed the carrying amount, the respective other value is calculated. Since there is no active market for the cash-generating units, the discounted cash flow method is used to calculate both value in use and fair value less costs of disposal.

The key assumptions made to determine the recoverable amounts vary depending on the cash-generating unit concerned. Pricing or market share assumptions are based on past experience or market research. Other key assumptions are mainly based on external factors. Significant macroeconomic indicators include, for instance, equity index levels, volatility of equity indices, as well as interest rates, exchange rates, GDP growth, unemployment levels and government debt. The discount rate is based on a risk-free interest rate between 2.5 and 2.6 per cent and a market risk premium of 6.5 per cent. It is used to calculate individual

11. Intangible assets (Continued)

discount rates for each cash-generating unit that reflect the beta factors, the cost of debt and capital structure of the peer groups concerned.

Each calculation of the sensitivities stated below is based on the adaption of a parameter (discount rate, sales revenue and growth rate of a perpetual annuity), by assuming that all other parameters in the evaluation model remain unchanged. Possible correlations between the parameters are not considered.

Cash-genereating unit Eurex

The goodwill resulting from the acquisition of ISE is allocated to a group of cash-generating units in the Eurex segment.

Since the ISE goodwill is calculated in US dollars, an exchange rate difference of €(40.0) million occurred in 2013 (2012: €(20.7) million).

Assumptions on volumes of index and interest rate derivatives and volumes in the US equity options market, which are derived from external sources, are the key criteria applied to determine the value in use with the discounted cash flow method.

Cash flows are projected over a five-year period (2014 to 2018) for European as well as US activities. Cash flow projections beyond this period are, as in the previous year, extrapolated assuming a 1.0 per cent growth rate. The pre-tax discount rate used is 13.4 per cent (2012: 13.0 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Eurex.

Cash-generating unit Clearstream

The "Clearstream" goodwill is a group of cash-generating units in the Clearstream segment. The recoverable amount is determined on the basis of the value in use applying the discounted cash flow method. Assumptions on assets held in custody, transaction volumes and market interest rates are the key criteria used to determine value in use.

Cash flows are projected over a five-year period (2014 to 2018). Cash flow projections beyond 2018 are extrapolated assuming a perpetual annuity with a growth rate of 1.5 per cent (2012: 2.5 per cent). The pre-tax discount rate used is calculated on the basis of the cost of equity and amounts to 14.6 per cent (2012: 13.1 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate to 0 per cent would lead to a goodwill impairment in the cash-generating unit Clearstream.

Cash-generating unit Fund Services

The goodwill from the acquisition of Clearstream Fund Services Ireland Ltd. is allocated to the separate cash-generating unit Fund Services (referred to as Clearstream Ireland in the previous year). The recoverable amount is determined on the basis of fair value less costs of disposal, applying the discounted cash flow method. Cash flows are projected over a five-year period (2014 to 2018). Cash flow projections beyond 2018 are extrapolated assuming a perpetual annuity with a growth rate of 2.5 per cent (2012: nil). The after-tax discount rate used is calculated on the basis of the cost of equity and amounts to 11.5 per cent (2012: 14.5 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Fund Services.

11. Intangible assets (Continued)

Cash-generating unit Market Data + Services

The goodwill arising from the acquisition of STOXX Ltd. in 2009 is allocated to a group of cash-generating units in the Market Data + Services segment. It results primarily from the strong position of STOXX Ltd. in European indices as well as from growth prospects in the production and sale of tick data for indices, the development, maintenance and enhancements of index formulas and from the customising of indices.

The goodwill of US$7.9 million that arose in the course of the acquisition of Market News International Inc. (MNI) by Deutsche Börse AG in 2009 is also allocated to the group of cash-generating units in the Market Data + Services segment and relates to access to global, trade-related information such as news from public authorities and supranational organisations.

Finally, the goodwill of US$3.0 million that arose in the course of the acquisition by MNI of 100 per cent of the shares in Need to Know News, LLC is also allocated to this group of cash-generating units in the Market Data + Services segment.

The recoverable amount of the cash generating unit Market Data + Services is determined on the basis of the fair value less costs of disposal. The key assumptions made relate to the expected development of future data and licence income as well as of the customer base; these are based both on external sources of information and on internal expectations that correspond to the budget values for financial year 2014. Cash flows are planned over a five-year period (2014–2018), with projections for periods beyond this assuming a perpetual annuity with a growth rate of 2.0 per cent (2012: 2.0 per cent). The after-tax discount rate used was 9.8 per cent (2012: 9.2 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Market Data + Services.

Cash-generating unit Infobolsa

The goodwill from the acquisition of the Infobolsa subgroup (including the goodwill from the acquisition of the shares in Open Finance S.L.) is allocated to the Infobolsa cash-generating unit. The recoverable amount is determined on the basis of fair value less costs of disposal, applying the discounted cash flow method. The assumptions on which the calculation is based are derived from external sources of information and internal management expectations. Cash flows are planned over a five-year period (2014–2018), with projections for periods beyond this assuming a perpetual annuity with a growth rate of 2.0 per cent (2012: 2.0 per cent). The after-tax discount rate used is 9.8 per cent (2012: 9.2 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Infobolsa.

Cash-generating unit Börse Frankfurt Zertifikate

Goodwill from the business combination with Scoach Holding S.A. and Scoach Europa AG is allocated to the separate cash-generating unit, Börse Frankfurt Zertifikate. The recoverable amount is determined on the basis of fair value less costs of disposal, applying the discounted cash flow method. The assumptions on which the calculation is based are derived from external sources of information and internal management expectations. Cash flows are planned over a five-year period (2014–2018), with projections for periods beyond this assuming a perpetual annuity with a growth rate of 2.0 per cent. The after-tax discount rate used is 13.5 per cent.

Neither an increase in the discount rate of 1.0 per cent nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the Börse Frankfurt Zertifikate cash-generating unit. A reduction in the planned sales revenue of 5.0 per cent per year would lead to an impairment, amounting to €6.8 million, of the intangible assets (including goodwill) in the Börse Frankfurt Zertifikate cash-generating unit.

11. Intangible assets (Continued)

Other intangible assets

Changes in other intangible assets

	ISE's exchange licence	Member relationships of ISE	Market data customer relationships of ISE	ISE trade name	STOXX trade name	Customer relationships of STOXX Ltd.	Miscellaneous intangible assets	Total
	€m	€m	€m	€m	€m	€m	€m	€m
Balance as at 1 Jan 2013	**112.8**	**299.0**	**17.1**	**3.8**	**420.0**	**27.7**	**1.9**	**882.3**
Changes in the basis of consolidation	0	0	0	0	0	0	3.9	3.9
Additions	0	0	0	0	0	0	0.9	0.9
Amortisation	0	(12.2)	(0.7)	(0.8)	0	(3.0)	(0.7)	(17.4)
Exchange rate differences	(4.7)	(11.7)	(0.7)	(0.1)	0	0	(0.4)	(17.6)
Balance as at 31 Dec 2013	**108.1**	**275.1**	**15.7**	**2.9**	**420.0**	**24.7**	**5.6**	**852.1**
Remaining amortisition period (years)	—	24	24	4	—	8		

Other intangible assets: ISE

ISE's other intangible assets are tested for impairment at the end of the year. The recoverable amount of these assets is calculated on the basis of the value in use of the ISE cash-generating unit, which is attributable to the Eurex segment. The cash-generating unit of the ISE subgroup are the US options exchanges.

The key assumptions made, which are based on analysts' estimates, relate to expected volumes and transaction prices on the US options market. Cash flows are projected over a five-year period (2014 to 2018). A 2.5 per cent growth rate is assumed beyond 2018 (2012: 2.5 per cent). The pre-tax discount rate used is 18.0 per cent (2012: 16.2 per cent).

Exchange licence of ISE

In the course of the purchase price allocation carried out in December 2007, the fair value of the exchange licence was determined. The exchange licence, granted in 2000 by the U.S. Securities and Exchange Commission, permits the ISE subgroup to operate as a regulated securities exchange in the United States. The exchange licence held by the ISE subgroup is estimated to have an indefinite useful life, because the licence itself does not have a finite term and Eurex management expects to maintain the licence as part of its overall business strategy.

The exchange licence does not generate cash flows largely independent from those generated by the ISE subgroup as a whole. Consequently, the exchange licence is allocated to the ISE subgroup as the cash-generating unit.

Member relationships and market data customer relationships of ISE

In the context of the purchase price allocation, the fair values of member and customer relationships were calculated. Both assets are being amortised over a period of 30 years using the straight-line method. Cash flows do not result from either the member or the customer relationships which would be independent of the entire ISE subgroup. Consequently, both items are allocated to the cash-generating unit ISE subgroup.

ISE trade name

The ISE trade name is registered as a trade name and therefore meets the IFRS criterion for recognition separately from goodwill. In accordance with the purchase price allocation of December 2007, the asset is

11. Intangible assets (Continued)

being amortised over a period of ten years using the straight-line method. As there are no cash inflows that are generated independently from the ISE subgroup, the trade name is also allocated to the cash-generating unit ISE subgroup.

An increase in the discount rate by 1.0 per cent, a reduction in the planned sales revenue by 5.0 per cent per year or a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to an impairment in the other intangible assets in the cash-generating unit ISE amounting to a volume of €7 million to €55 million. A more positive development of the parameters in future could, in contrast to the assumptions above, result in a reversal of impairment of the other intangible assets of ISE.

Other intangible assets: STOXX

The STOXX trade name, the company's customer relationships as well as fully amortised non-compete agreements and other intangible assets are identified as part of the acquisition of STOXX Ltd. and allocated to the "STOXX" cash-generating unit, as they do not generate cash independently. The STOXX cash-generating unit is allocated to the Market Data + Services segment.

The impairment test was based on fair value less costs of disposal, taking into account expected developments in the licence and sales fees for indices and data. Cash flows are projected over a five-year period (2014 to 2018). Cash flow projections beyond 2018 are extrapolated assuming a 2.0 per cent (2012: 2.0 per cent) growth rate. The after-tax discount rate amounts to 10.8 per cent (2012: 10.2 per cent).

STOXX trade name

The STOXX trade name includes the trade name itself, the index methodologies and the internet domains because these can generally not be transferred separately. As the trade name is registered, it meets the IFRS criterion for recognition separately from goodwill. An indefinite useful life was assumed for the STOXX brand name given its history and the fact that it is well known on the market.

Customer relationships of STOXX

STOXX Ltd. has relationships with customers, which are based on signed contracts and thus meet the identifiability criterion for recognition separately from goodwill.

An increase in the discount rate by 1.0 per cent would not lead to an impairment in the other intang-ible assets in the cash-generating unit "STOXX". A reduction in the planned sales revenue by 5.0 per cent per year or a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to an impairment in other intangible assets in the cash-generating unit STOXX amounting to a volume of €8 million to €9 million.

12. Property, plant and equipment

Property, plant and equipment

	Fixtures and fittings	Computer hardware, operating and office equipment	Payments on account and construction in progress	Total
	€m	€m	€m	€m
Historical cost as at 1 Jan 2012	**75.4**	**331.1**	**0.1**	**406.6**
Additions	6.6	36.2	1.7	44.5
Disposals	(3.4)	(37.3)	0	(40.7)
Reclassifications	0.1	0	(0.1)	0
Exchange rate differences	(0.2)	(0.2)	0	(0.4)
Historical cost as at 31 Dec 2012	**78.5**	**329.8**	**1.7**	**410.0**
Additions	3.5	25.0	0.1	28.6
Disposals	(2.0)	(28.4)	0	(30.4)
Reclassifications	(1.8)	3.4	(1.6)	0
Exchange rate differences	(0.9)	(1.3)	(0.1)	(2.3)
Historical cost as at 31 Dec 2013	**77.3**	**328.5**	**0.1**	**405.9**
Depreciation and impairment losses as at 1 Jan 2012	**29.4**	**246.1**	**0**	**275.5**
Amortisation	7.6	37.9	0	45.5
Disposals	(2.0)	(37.0)	0	(39.0)
Exchange rate differences	(0.1)	(0.1)	0	(0.2)
Depreciation and impairment losses as at 31 Dec 2012	**34.9**	**246.9**	**0**	**281.8**
Amortisation	8.7	39.7	0	48.4
Disposals	(2.0)	(28.3)	0	(30.3)
Reclassifications	(1.1)	1.1	0	0
Exchange rate differences	(0.5)	(0.8)	0	(1.3)
Depreciation and impairment losses as at 31 Dec 2013	**40.0**	**258.6**	**0**	**298.6**
Carrying amount as at 31 Dec 2012	43.6	82.9	1.7	128.2
Carrying amount as at 31 Dec 2013	**37.3**	**69.9**	**0.1**	**107.3**

13. Financial investments

Financial investments

	Investments in associates	Other equity investments	Receivables and securities from banking business	Other financial instruments and loans
	€m	€m	€m	€m
Historical cost as at 1 Jan 2012	**132.5**	**142.5**	**1,431.6**	**21.6**
Additions	2.2	2.6	80.5	7.2
Disposals	(21.5)	(2.6)	0	(1.3)
Reclassifications	68.8	(82.4)	(25.0)[1]	0
Exchange rate differences	0.5	(2.9)	(0.1)	(0.2)
Historical cost as at 31 Dec 2012	**182.5**	**57.2**	**1,487.0**	**27.3**[2]
Additions	34.8	0.3	8.5	6.0
Disposals	0	0	(8.1)	(3.0)
Addition/(reversal) premium/discount	0	0	(0.3)	0
Reclassifications	(48.9)[3]	(0.2)	(310.7)[1]	0
Exchange rate differences	(1.4)	(0.7)	(0.4)	(0.8)
Historical cost as at 31 Dec 2013	**167.0**	**56.6**	**1,176.0**	**29.5**[2]
Revaluation as at 1 Jan 2012	**25.6**	**(30.8)**	**(27.0)**	**(4.4)**
Disposals of impairment losses	0	10.4	0	0
Dividends	(10.1)	0	0	0
Net income from equity method measurement[4]	7.0	0	0	0
Currency translation differences recognised directly in equity	1.3	0.4	0	0.3
Currency translation differences recognised in profit or loss	0.1	0	0	0
Other fair value changes recognised directly in equity	0	0.3	0	0
Other fair value changes recognised in profit or loss	0	0	0	(2.5)
Market price changes recognised directly in equity	(2.0)	0	25.0	0.9
Market price changes recognised in profit or loss	0	(10.8)	0	0
Reclassifications	0.4	0	0	0
Revaluation as at 31 Dec 2012	**22.3**	**(30.5)**	**(2.0)**	**(5.7)**
Disposals of impairment losses	0	0	0.6	0
Dividends	(10.9)	0	0	0
Net income from equity method measurement[4]	6.6	0	0	0
Currency translation differences recognised directly in equity	(0.3)	0.6	0	0
Currency translation differences recognised in profit or loss	0	0	0	(0.1)
Other fair value changes recognised directly in equity	0	(1.2)	0	0
Market price changes recognised directly in equity	(0.4)	0	4.5	1.3
Market price changes recognised in profit or loss	0	(1.6)	(0.8)	1.0
Reclassifications	(0.9)[3]	0	0	0
Revaluation as at 31 Dec 2013	**16.4**	**(32.7)**	**2.3**	**(3.5)**
Carrying amount as at 31 Dec 2012	204.8	26.7	1,485.0	21.6
Carrying amount as at 31 Dec 2013	**183.4**	**23.9**	**1,178.3**	**26.0**

(1) Reclassified as current receivables and securities from banking business

(2) Thereof part of a pledge agreement with the Industrie- und Handelskammer (IHK, the Chamber of Commerce) Frankfurt/Main: €5.0 million.

(3) Reclassification of shares of Direct Edge Holdings, LLC to the "non-current assets held for sale" category and change in status of the shares of Börse Frankfurt Zertifikate Holding S.A., which was previously classified as an associate, because the company has been fully consolidated since 1 July 2013.

(4) Included in the result from equity investments

For details on revaluations and market price changes recognised directly in equity, also see note 20. Other equity investments include available-for-sale shares.

In the year under review, impairment losses amounting to €1.6 million (2012: €13.3 million) were recognised in the income statement. €1.6 million (2012: €10.8 million) of these impairment losses relate to

13. Financial investments (Continued)

unlisted equity instruments. In 2012, €2.5 million of these impairment losses relate to loans which were impaired as part of the equity method measurement of Indexium AG. See note 8 for further details.

Composition of receivables and securities from banking business

	31 Dec 2013	31 Dec 2012
	€m	€m
Fixed-income securities		
from other credit institutions	20.1	295.6
from multilateral banks	471.3	467.1
from regional or local public bodies	149.7	159.7
other public bodies	537.2	562.6
Total	**1,178.3**	**1,485.0**

Securities from banking business include financial instruments listed on a stock exchange amounting to €1,178.3 million (2011: €1,485.0 million).

14. Derivatives and hedges

Deutsche Börse Group generally uses derivative financial instruments to hedge existing or highly probable forecast transactions. The derivatives are included in the positions "other non-current assets", "other non-current liabilities" as well as "receivables and securities from banking business", "liabilities from banking business" and "other current liabilities".

Derivatives (fair value)

		Assets			Liabilities	
	Note	31 Dec 2013	31 Dec 2012	Note	31 Dec 2013	31 Dec 2012
		€m	€m		€m	€m
Cash flow hedges						
short-term	16	0	0.4	30	0	(14.6)
Derivatives held for trading						
short-term	16	0	0.1	28, 30	(22.6)	(16.7)
Total		**0**	**0.5**		**(22.6)**	**(31.3)**

As a result of the acquisition of Clearstream Fund Services Ireland Ltd., Clearstream International S.A. had entered into three written put options which were to be settled by delivery of equity instruments of Clearstream Fund Services Ireland Ltd. As at 31 December 2012, these options had a fair value of €3.4 million and were reported under "other non-current liabilities" and "other current liabilities" in the consolidated balance sheet. The option classified under current liabilities was exercised in the second quarter 2013. Due to the termination of the agreement with the holder of the remaining shares in Clearstream Fund Services Ireland Ltd, options classified under noncurrent liabilities were exercised in October 2013. Total payment under the written put options amounted to €1.5 million.

Fair value hedges

No financial instruments designated as fair value hedges had been outstanding as at 31 December 2013 and 2012.

14. Derivatives and hedges (Continued)

Cash flow hedges

Development of cash flow hedges

	2013	2012
	€m	€m
Cash flow hedges as at 1 January	(14.2)	(3.9)
Amount recognised in equity during the year	0.7	(9.4)
Amount recognised in profit or loss during the year	—	—
Ineffective hedge portion recognised in profit or loss	(0.2)	—
Closing	14.2	—
Realised losses	(0.5)	(0.9)
Cash flow hedges as at 31 December	**0**	**(14.2)**

The following table gives an overview of the notional amount of the positions covered by cash flow hedges:

Outstanding positions cash flow hedges

		Forward rate agreement		Foreign exchange transactions	
		31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Number			2	—	12
Notional amount	€m	—	300.0	—	24.9
Fair value	€m	—	(14.6)	—	0.4

In 2013, some debt instruments issued by Deutsche Börse AG matured. In order to partially hedge the refinancing needs of 2013, a forward interest rate payer swap and a payer swaption were used in 2010 to (conditionally) lock in prevailing (forward) interest rate levels which were judged to be attractive. The swaption expired in 2013. The swap had been settled by close out payment of € 14.2 million. The amount recognised within revaluation surplus is reversed over the original term of the debt instrument issued in 2013.

Hedges of a net investment

In connection with the private placements in the USA, the bonds of the series A to C were designated as hedges against currency risk arising from the translation of the foreign functional currency US dollar into euro in order to hedge the net investment in the ISE subgroup.

Composition of private placements(1)

		Equivalent			Term	
Type	Issue volume	31 Dec 2013	31 Dec 2012	as at emission	from	until
	US$m	€m	€m	€m		
Series A	170.0	123.5	128.8	110.2	12 June 2008	10 June 2015
Series B	220.0	159.8	166.7	142.7	12 June 2008	10 June 2018
Series C	70.0	50.8	53.1	45.4	12 June 2008	10 June 2020
Total	**460.0**	**334.1**	**348.6**	**298.3**		

(1) Presented under "interest-bearing liabilities". See "Results of operations" section of the combined management report.

Effective exchange rate differences from the private placements are reported in the balance sheet item "accumulated profit", as are exchange rate differences from the translation of foreign subsidiaries.

€35.5 million (2012: €50.0 million) has been recognised cumulatively in this item directly in equity. There was no ineffective portion of the net investment hedges in 2013 and 2012.

14. Derivatives and hedges (Continued)

Derivatives held for trading

Foreign exchange swaps as at 31 December 2013 expiring in less than three months with a notional value of €2,285,6 million (2012: €2,302.9 million) had a negative fair value of €16.5 million (2012: negative fair value of €16.7 million). These swaps were entered into to convert foreign currencies received through the issue of commercial paper by the banking business into euros, and to hedge short-term foreign currency receivables and liabilities in euros economically. These are reported under "current receivables and securities from banking business" and "liabilities from banking business" in the balance sheet (see also notes 16 and 28).

Outstanding positions derivatives transactions

		Foreign exchange swaps		Foreign exchange futures	
		31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Number		30	77	—	1
Notional amount	€m	2,285.9	2,302.9	—	—
Notional amount	US$m	—	—	—	10.0
Positive fair value	€m	—	—	—	0.1
Negative fair value	€m	(16.5)	(16.7)	—	—

Eurex Clearing AG has awarded a grant to some customers. The repayment of that grant will be contingent on the satisfaction of certain criteria. Eurex Clearing AG has recognised embedded derivatives separately from the host contract. The derivatives amounting to €6.1 million have been classified as held for trading and are shown under "other current liabilities".

15. Financial instruments of Eurex Clearing AG

Composition of financial instruments of Eurex Clearing AG

	31 Dec 2013	31 Dec 2012
	€m	€m
Repo transactions	147,924.7(1)	145,843.8(2)
Options	9,583.2	10,378.5(2)
Others	97.5	93.1
Total	**157,605.4**	**156,315.4(2)**
thereof non-current	4,058.6	0
thereof current	153,546.8(1)	156,315.4(2)

(1) Financial liabilities of €500.0 million have been eliminated because of intra-Group GC Pooling transactions.

(2) Prior-year figures have been adjusted (see note 3).

The aggregate financial instruments of Eurex Clearing AG are classified into current and non-current in the balance sheet. Receivables and liabilities that may be offset against a clearing member are reported on a net basis.

15. Financial instruments of Eurex Clearing AG (Continued)

The following table gives an overview of the effects of offsetting the financial instruments of Eurex Clearing AG:

Gross presentation of offsetted financial instruments of Eurex Clearing AG[(1)]

	Gross amount of financial instruments		Gross amount of netted financial instruments		Net amount of financial instruments	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	€m	€m	€m	€m	€m	€m
Financial assets from repo transactions	176,803.4	162,533.0	(28,878.7)	(16,689.2)	147,924.7	145,843.8
Financial liabilities from repo transactions	(176,303.4)	(162,533.0)	28,878.7	16,689.2	(147,424.7)	(145,843.8)
Financial assets from options	14,605.6	15,430.4	(5,022.4)	(5,051.9)	9,583.2	10,378.5
Financial liabilities from options	(14,605.6)	(15,430.4)	5,022.4	5,051.9	(9,583.2)	(10,378.5)

(1) The collateral deposited by clearing members cannot be attributed directly to the individual transactions. For information on the composition of Eurex Clearing AG's collateral, see note 36.

16. Current receivables and securities from banking business

In addition to non-current receivables and securities from banking business that are classified as non-current financial assets (see note 13), the following receivables and securities from banking business, attributable solely to the Clearstream subgroup, were classified as current assets as at 31 December 2013.

Composition of current receivables and securities from banking business

	31 Dec 2013	31 Dec 2012
	€m	€m
Loans to banks and customers		
Reverse repurchase agreements	6,708.7	2,847.4
Balances on nostro accounts	991.3	1,975.4
Money market lendings	1,044.0	7,729.6
Overdrafts from settlement business	487.0	228.4
	9,231.0	**12,780.8**
Available-for-sale debt instruments	310.6	25.0
Interest receivables	2.4	2.0
Forward foreign exchange transactions[(1)]	0	0.4
Total	**9,544.0**	**12,808.2**

(1) See note 14.

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. Potential concentrations of credit risk are monitored against counterparty credit limits (see note 36).

Remaining maturity of loans to banks and customers

	31 Dec 2013	31 Dec 2012
	€m	€m
Not more than 3 months	9,231.0	12,780.8
Total	**9,231.0**	**12,780.8**

16. Current receivables and securities from banking business (Continued)

All of the securities held as at 31 December 2013 and 2012 were listed and issued by sovereign or sovereign-guaranteed issuers.

Remaining maturity of available-for-sale debt instruments

	31 Dec 2013	31 Dec 2012
	€m	€m
Not more than 3 months	75.9	0
3 months to 1 year	234.7	25.0
Total	**310.6**	**25.0**

17. Development of allowance against trade receivables

As in the previous year, there were no trade receivables due after more than one year as at 31 December 2013.

Allowance account

	€m
Balance as at 1 Jan 2012	**7.5**
Additions	1.5
Utilisation	(0.1)
Reversal	(0.8)
Balance as at 31 Dec 2012	**8.1**
Additions	2.5
Utilisation	(0.1)
Reversal	(0.9)
Balance as at 31 Dec 2013	**9.6**

In the current year, irrecoverable receivables of €0.2 million (2012: €0.7 million) were written off, for which no provision for doubtful debts had been recognised.

18. Other current assets

Composition of other current assets

	31 Dec 2013	31 Dec 2012
	€m	€m
Other receivables from CCP transactions	181.5	87.7
Tax receivables (excluding income taxes)	49.9	21.5
Prepaid expenses	23.7	20.8
Vendors with a debit balance	5.9	0.7
Incentive programme	4.0	0
Receivables from insurance companies	2.3	2.0
Miscellaneous	6.4	5.9
Total	**273.7**	**138.6**

Miscellaneous other current assets include a certificate of deposit of €1.1 million (2012: €1.4 million) used as collateral for two letters of credit.

19. Restricted bank balances

Amounts reported separately under liabilities as cash deposits by market participants are restricted. Such amounts totalling €16,221.7 million (2012: €19,450.6 million) are mainly invested via bilateral or triparty reverse repurchase agreements and in the form of overnight deposits at banks (restricted bank balances).

19. Restricted bank balances (Continued)

Government or government-guaranteed bonds, mortgage bonds and bank bonds with an external rating of at least AA− are accepted as collateral for the reverse repurchase agreements.

20. Equity

Changes in equity are presented in the consolidated statement of changes in equity. As at 31 Decem-ber 2013, the number of no-par value registered shares of Deutsche Börse AG issued was 193,000,000 (31 December 2012: 193,000,000). Transaction costs of €0.0 million incurred in connection with the buy-back of 27,161 no-par value registered shares were recognised directly in equity (2012: €(0.1) million).

Subject to the agreement of the Supervisory Board, the Executive Board is authorised to increase the subscribed share capital by the following amounts:

Composition of authorised share capital

	Amount in €	Date of authorisation by the shareholders	Expiry date	Existing shareholders' pre-emptive rights may be disapplied for fractioning and/or may be disapplied if the share issue is:
Authorised share capital I	5,200,000	12 May 2011	11 May 2016	• against non-cash contributions for the purpose of acquiring companies, parts of companies, or interests in companies, or other assets.
Authorised share capital II	27,800,000	27 May 2010	26 May 2015	• for cash at an issue price not significantly lower than the stock exchange price up to a maximum amount of 10 per cent of the nominal capital to issue new shares. • to employees of the company or affiliated companies with the meaning of sections 15ff. of the Aktiengesetz (AktG, German Stock Corporation Act), with the pro rata amount of the share capital not allowed to exceed €3 million. • against non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets.
Authorised share capital III	19,500,000	27 May 2010	26 May 2015	n.a.
Authorised share capital IV	6,000,000	16 May 2012	15 May 2017	• for the issuance of up to 900,000 new shares per year to Executive Board members and employees of the company as well as to the management and employees of affiliated companies within the meaning of sections 15ff. of the AktG.

There were no further subscription rights for shares as at 31 December 2013 or 31 December 2012.

20. Equity (Continued)

Revaluation surplus

The revaluation surplus results from the revaluation of securities and other current and non-current financial instruments at their fair value less deferred taxes, as well as the value of the stock options under the Group Share Plan (see note 39). This item also contains reserves from an existing investment in an associate, which were recognised in connection with the acquisition of further shares, as the company was fully consolidated as of this date. Actuarial gains and losses for defined benefit obligations are also directly recognised in revaluation surplus.

Revaluation surplus

	Recognition of hidden reserves from fair value measurement	Other equity investments (financial assets)	Securities from banking business (financial assets)	Other financial instruments (financial assets)	Current securities from banking business	Cash flow hedges	GSP stock options	Defined benefit obligations	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance as at 1 Jan 2012 (gross)	**103.7**	**3.1**	**(26.7)**	**(1.3)**	**1.5**	**(3.2)**	**2.4**	**(54.1)**	**25.4**
Changes from defined benefit obligations	0	0	0	0	0	0	0	(53.7)	(53.7)
Fair value measurement	0	0.4	25.0	0.9	(1.6)	(10.0)	0	0	14.7
Increase in share-based payments	0	0	0	0	0	0	(2.4)	0	(2.4)
Reversal to profit or loss	0	(1.6)	0	0	0.2	(0.4)	0	0	(1.8)
Balance as at 31 Dec 2012 (gross)	**103.7**	**1.9**	**(1.7)**	**(0.4)**	**0.1**	**(13.6)**	**0**	**(107.8)**	**(17.8)**
Changes from defined benefit obligations	0	0	0	0	0	0	0	14.2	14.2
Fair value measurement	0	(1.2)	4.5	1.3	(0.2)	0.7	0	0	5.1
Reversal to profit or loss	0	0	0	0	0	1.2	0	0	1.2
Balance as at 31 Dec 2013 (gross)	**103.7**	**0.7**	**2.8**	**0.9**	**(0.1)**	**(11.7)**	**0**	**(93.6)**	**2.7**
Deferred taxes									
Balance as at 1 Jan 2012	**0**	**(0.6)**	**7.5**	**0**	**(0.5)**	**0.9**	**0**	**14.0**	**21.3**
Additions	0	0.1	0	0	0.4	2.8	0	14.8	18.1
Reversals	0	0	(7.2)	0	0	(0.1)	0	0	(7.3)
Balance as at 31 Dec 2012	**0**	**(0.5)**	**0.3**	**0**	**(0.1)**	**3.6**	**0**	**28.8**	**32.1**
Additions	0	0.2	0	0	0.1	0	0	0	0.3
Reversals	0	0	(1.4)	0	0	(0.5)	0	(3.8)	(5.7)
Balance as at 31 Dec 2013	**0**	**(0.3)**	**(1.1)**	**0**	**0**	**3.1**	**0**	**25.0**	**26.7**
Balance as at 1 Jan 2012 (net)	**103.7**	**2.5**	**(19.2)**	**(1.3)**	**1.0**	**(2.3)**	**2.4**	**(40.1)**	**46.7**
Balance as at 31 Dec 2012 (net)	**103.7**	**1.4**	**(1.4)**	**(0.4)**	**0**	**(10.0)**	**0**	**(79.0)**	**14.3**
Balance as at 31 Dec 2013 (net)	**103.7**	**0.4**	**1.7**	**0.9**	**(0.1)**	**(8.6)**	**0**	**(68.6)**	**29.4**

Accumulated profit

The "accumulated profit" item includes exchange rate differences amounting to €39.4 million (2012: €82.3 million). €57.4 million was withdrawn due to currency translation for foreign subsidiaries in the year under review (2012: withdrawal of €30.7 million) and €14.5 million was added relating to a net investment hedge that was used to hedge the net investment in ISE against currency risk (2012: additions of €7.5 million).

Regulatory capital requirements and regulatory capital ratios

Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG as well as the regulatory Clearstream Holding group are subject to solvency supervision by the German or Luxembourg banking supervisory authorities (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin, and Commission de Surveillance du Secteur Financier, CSSF, respectively). All companies that are subject to this supervision are non-trading-book institutions. Market price risk positions consist only of a relatively small open foreign currency position. As a result of these companies' specific businesses, their on balance sheet-assets are subject to sharp fluctuations. This leads to correspondingly volatile solvency ratios in the Clearstream companies. The volatility of the ratio is subject to major fluctuations on a day-to-day basis in the course of the year. Due to a high degree of collateralised or zero-weighted cash investments, the capital requirements for credit and market price risks of Eurex Clearing AG are relatively stable despite volatile total assets.

20. Equity (Continued)

The capital requirements are subject to the national regulations of the individual companies. These are based on EU Banking and Capital Requirements Directives which are ultimately based on "Basel II". The companies concerned homogeneously apply the standardised approach for credit risk. For calculating the operational risk charge, Eurex Clearing AG uses the basic indicator approach, while the Clearstream companies apply the advanced measurement approach (AMA).

Of the companies subject to solvency supervision, only Clearstream Banking S.A. has Tier 2 regulatory capital under the relevant IFRS treatment. This capital consists of a profit participation right of €150 million and to a very small amount in the revaluation surplus. The profit participation right had originally been subscribed by Deutsche Börse AG. In the course of measures taken to further strengthen Clearstream's capital base, this profit participation right was contributed to Clearstream Holding AG's capital reserves and upgraded to Tier 2 capital at the level of Clearstream Banking S.A. by making certain adjustments to the profit participation terms.

A minimum solvency ratio of 8 per cent applies throughout to the regulated companies. All regulated companies (Clearstream Banking S.A., Clearstream Banking AG, Eurex Clearing AG and the Clearstream Holding group) have been designated as systemically important. As a result, CSSF increased the minimum capital requirements for Clearstream Banking S.A. to a core Tier 1 ratio of 9 per cent in 2013. The individual companies' capital resources sufficiently reflect the fluctuation in risk-weighted assets. Stress considerations are used to determine the capital required for expected peaks and additional reserves for unexpected events are added. The capital requirements determined in this way are met through the capital resources. As the actual capital requirements are below the expected peaks—significantly so under normal circumstances—this may lead to a very high technical closing date solvency ratio.

The capital requirements of the Clearstream companies rose in the year under review. This was mainly driven by considerably increased capital requirements for operational risk combined with simultaneously lowered capital requirements for credit and market price risk. The increased capital requirements for operational risk are in turn largely the result of expanded risk scenarios for legal and compliance risks. The international reach of the business within an increasingly more complex regulatory and legal framework makes it necessary to take greater account of these risks. Additionally, the settlement payment of around US$150 million made to the Office of Foreign Assets Control (OFAC) and payments made by other banks in the course of various proceedings have given an indication of the extent of potential loss events. The increased capital requirements almost exclusively affect Clearstream Banking S.A., since the nature of Clearstream Banking AG's national business means that its exposure to these risks is significantly limited. Due to closing date effects, customer balances, especially those denominated in US dollars and euros, declined significantly compared with the end of 2012, resulting in lower balances on the nostro accounts and consequently lower capital requirements for credit risk.

The Clearstream Holding group responded to the increased capital requirements by launching a programme to strengthen its capital base. The programme entails an injection at the level of Clearstream Holding AG (including the contribution of the profit participation right of €150 million issued by Clearstream Banking S.A.), the retention of profits at Clearstream Banking S.A. and Clearstream International S.A., capital injections to the bank subsidiaries performed by Clearstream International S.A. and the upgrade of Clearstream Banking S.A.'s profit participation rights to Tier 2 capital. In spite of the increased capital requirements, these capitalisation measures currently secure solvency ratios of more than 20 per cent.

The Clearstream Holding group therefore does not expect to require any capital in the short to medium term. In the medium to long term, only a moderate—if any—increase in capital requirements at Group level is expected to arise from the capital buffers that are to be imposed in stages from 2014 onwards, the requirements resulting from mandatory recovery plans, the designation as systemically important institutions and the future CSD regulation. The transfer of the supervisory function for Clearstream Banking S.A. to the ECB is, however, not expected to have a material impact on capital requirements.

The cash collateral deposited at Eurex Clearing AG fluctuated in the course of the year, but remained at a high level overall. Eurex Clearing AG's capital requirements rose only slightly compared with the previous year, mainly as a result of closing date effects relating to credit and market risk and of downstream effects

20. Equity (Continued)

resulting from the calculation of averages used in the assessment of capital requirements in relation to operational risk.

Eurex Clearing AG's internal risk model assumes higher capital requirements for operational risk than does the accounting-based basic indicator approach in accordance with regulatory requirements. For this reason, Eurex Clearing AG has always maintained a capital buffer for these types of risk over and above the minimum regulatory requirements. Against this background, the banking supervisory authorities encouraged Eurex Clearing AG in 2011 to expand the basis for calculating the regulatory capital requirements to include an adequate clearing portion of the fees collected for the account of the operating companies. The capital requirements for operational risk are calculated once a year on the basis of a three-year average of historical income, including the assumed clearing fees, and are therefore not subject to daily fluctuations. Compliance with the minimum supervisory ratio is maintained at all times due to the sufficient capital buffer for uncollateralised cash investments.

On 1 August 2013, Eurex Clearing AG submitted its application for authorisation as a central counterparty under the European Market Infrastructure Regulation (EMIR). Article 16 of EMIR in conjunction with the EU's Level 2 Implementing Directive sets its own capital adequacy requirements. Although these requirements are essentially based on the rules for credit institutions, the resulting capital requirements differ from the requirements for banks because they include additional requirement for orderly winding down or restructuring and for business risk as well as a number of other minor matters and a different definition of capital. Among other things, Eurex Clearing AG's share of the default fund is deducted from its (German GAAP) capital. Without the capital buffers, which will in future only be stipulated in the regulatory framework for banks, the requirement under EMIR is significantly more stringent than under the bank framework. In preparation for its application for EMIR authorisation, Eurex Clearing AG increased its equity at the beginning of 2013 by adding €110 million to its capital reserves. The authorisation is expected to be granted in the second quarter of 2014. The EMIR requirements did not yet apply as at the balance sheet date. The increase in equity resulted in a significantly improved solvency ratio, while capital requirements were only slightly higher.

Given the high capital requirements under EMIR, Eurex Clearing AG does not currently expect the introduction of Capital Requirements Directive (CRD) IV capital buffers from 2014 onwards to have a significant impact on capital requirements. Independent of this, the capital resources of Eurex Clearing AG are-reviewed on an ongoing basis and monitored as part of medium-term capital planning. However, given the continuing development of the basis for EMIR capital requirements (income and costs) and business performance within a changed regulatory framework (EMIR, CRD IV) for Eurex Clearing AG and its customers, small capital increases cannot be ruled out.

Composition of own funds requirements

	Own funds requirements for operational risk		Own funds requirements for credit and market price risk		Total capital requirements	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	€m	€m	€m	€m	€m	€m
Clearstream Holding group .	289.6	195.1	49.0	73.9	338.6	269.0
Clearstream Banking S.A. . .	223.0	116.7	46.2	67.9	269.2	184.6
Clearstream Banking AG . . .	74.7	74.4	23.1	25.8	97.8	100.2
Eurex Clearing AG	71.2	69.3	7.3	3.8	78.5	73.1

20. Equity (Continued)

Regulatory capital ratios

	Own funds requirements		Regulatory equity		Solvency ratio	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	€m	€m	€m	€m	%	%
Clearstream Holding group	338.6	269.0	1,116.6	783.0	26.4	23.3
Clearstream Banking S.A.	269.2	184.6	801.3	459.9	23.8	19.9
Clearstream Banking AG	97.8	100.2	217.9	188.1	17.8	15.0
Eurex Clearing AG	78.5	73.1	249.4	138.6	25.4	15.2

Eurex Clearing AG has been accredited by the Financial Services Authority (FSA) in the UK as a Recognised Overseas Clearing House (ROCH). The reorganisation of financial services supervision in the UK resulted in the break-up of the FSA as at 1 April 2013 and in the transfer of its oversight role over ROCHs to the Bank of England. As a ROCH, Eurex Clearing AG has to maintain regulatory capital equivalent to at least half the operating expenses of the previous year; the resulting regulatory minimum capital under the ROCH requirements amounted to €43.1 million as at 31 December 2013 (2012: €48.0 million). Once authorisation as a central counterparty under EMIR has been granted, Eurex Clearing AG's ROCH status in the UK will lapse.

The regulatory minimum requirements were complied with at all times by all companies during the year under review and in the period up to the preparation of the consolidated financial statements.

21. Shareholders' equity and appropriation of net profit of Deutsche Börse AG

The annual financial statements of the parent company Deutsche Börse AG, prepared as at 31 December 2013 in accordance with the provisions of the Handelsgesetzbuch (HGB, the German Commercial Code), report net profit for the year of €412.8 million (2012: €605.7 million) and shareholders' equity of €2,329.8 million (2012: €2,301.5 million).

Net income for the year is significantly lower year-on-year, primarily due to a decrease in the result from equity investments and a rise in expenses.

Proposal on the appropriation of the unappropriated surplus

	31 Dec 2013	31 Dec 2012
	€m	€m
Net profit for the year	412.8	605.7
Appropriation to other retained earnings in the annual financial statements	(12.8)	(205.7)
Unappropriated surplus	**400.0**	**400.0**
Proposal by the Executive Board:		
Distribution of a regular dividend to the shareholders of €2.10 per share for 184,115,657 no-par value shares carrying dividend rights (in 2013 from net profit for 2012: €2.10)	386.6	386.5
Appropriation to retained earnings	13.4	13.5

No-par value shares carrying dividend rights

	Number
Number of shares issued as at 31 December 2013	**193,000,000**
Number of shares acquired under the share buy-back programme up to the balance sheet date that are planned to be retired	(8,884,343)
Number of shares outstanding as at 31 December 2013	**184,115,657**

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the company that are not eligible to receive dividends under section 71b of the Aktiengesetz (AktG, the German Stock Corporation Act). The number of shares eligible to receive dividends can

21. Shareholders' equity and appropriation of net profit of Deutsche Börse AG (Continued)

change until the Annual General Meeting through the repurchase or sale of further treasury shares. In this case, without changing the dividend of €2.10 per eligible share, an amended resolution for the appropriation of the unappropriated surplus will be proposed to the Annual General Meeting.

22. Provisions for pensions and other employee benefits

Defined benefit pension plans

The defined benefit obligations of the companies of Deutsche Börse Group relate primarily to final salary arrangements and pension plans based on capital components, which guarantee employees a choice of either lifelong pensions or capital payments on the basis of the final salary paid. In Switzerland, there are guaranteed defined contribution plans. Deutsche Börse Group uses external trust solutions to cover some of its pension obligations.

Net liability of defined benefit obligations

	Germany	Luxembourg	Other assets	31 Dec 2013 €m	31 Dec 2012 €m
Present value of the defined benefit obligations that are at least partly financed in advance	275.7	50.6	14.9	341.2	326.2
Fair value of plan assets	(207.7)	(42.3)	(13.4)	(263.4)	(233.4)
Funded status	**68.0**	**8.3**	**1.5**	**77.8**	**92.8**
Present value of unfunded obligations	1.8	0.6	0	2.4	2.0
Net liability of defined benefit obligations	**69.8**	**8.9**	**1.5**	**80.2**	**94.8**
Impact of minimum funding requirement/ asset ceilling	0	0	0	0	0.6
Amount recognised in the balance sheet	**69.8**	**8.9**	**1.5**	**80.2**	**95.4**

The defined benefit plans comprise a total of 2,435 (2012: 2,476) beneficiaries. The present value of the defined benefit obligations can be broken down on the beneficiaries as follows:

Breakdown of stakeholders

	Germany	Luxembourg	Other assets	31 Dec 2013 €m	31 Dec 2012 €m
Candidates	129.5	50,0	14.9	194.4	188.6
Former employees with vested entitlements	93.8	0.6	0	94.4	86.5
Pensioners or surviving dependents	54.2	0.6	0	54.8	53.1
	277.5	**51.2**	**14.9**	**343.6**	**328.2**

The following retirement benefit plans exist to provide retirement benefits:

Executive boards of Group companies (Germany and Luxembourg)

Individual commitment plans exist for members of the executive boards of Group companies; they are based on the plan for senior executives described in the next but one paragraph, i.e. in each calendar year the company provides an annual contribution to a capital component calculated in accordance with actuarial principles. The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. In addition, retirement benefit agreements are in place with members of the executive boards of Group companies, under which they are entitled to pension benefits on reaching the age of 63 and following reappointment. When the term of office began, the replacement rate was 30 per cent of individual pensionable income. It rose by five percentage points with each reappointment, up to a maximum of 50 per cent of pensionable income. Details of the pension commitments for members of Deutsche Börse AG's Executive Board can be found in the remuneration report.

22. Provisions for pensions and other employee benefits (Continued)

Germany

There has been an employee-financed deferred compensation plan for employees of Deutsche Börse Group in Germany since 1 July 1999. This plan gives employees the opportunity to convert parts of their future remuneration entitlements into benefit assets of equal value. The benefits consist of a capital payment on reaching the age of 65 or earlier, if applicable, in the case of disability or death; when due, the payment is made in equal annual payments over a period of three years. The benefit assets earn interest at a rate of 6 per cent p.a. As a rule, new commitments are entered into on the basis of this deferred compensation plan; employees with pension commitments under retirement benefit arrangements in force before 1 July 1999 were given an option to participate in the deferred compensation plan by converting their existing pension rights.

In the period from 1 January 2004 to 30 June 2006, senior executives in Germany were offered the opportunity to participate in the following pension system based on capital components: the benefit is based on annual income received, composed of fixed annual salary and the variable remuneration. Every year, participating Group companies provide for an amount that corresponds to a certain percentage of the pensionable income. This amount is multiplied by a capitalisation factor depending on age, resulting in the "annual capital component". The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. This benefit plan was closed to new staff on 30 June 2006; the senior executives who were employed in the above period can continue to earn capital components.

Luxembourg

The employees of the Clearstream subgroup in Luxembourg participate in separate defined benefit pension plans. The defined benefit pension plan in favour of Luxembourg employees of Clearstream International S.A., Clearstream Banking S.A. and Clearstream Services S.A. is funded by means of cash contributions to an "association d'épargne pension" (ASSEP) organised in accordance with Luxembourg law. The benefits consist of a one-off capital payment, which is generally paid on reaching the age of 65. The benefit plan does not cover disability or death in service. Contributions to the "association d'épargne pension" are funded in full by the participating companies. The contributions are determined annually on the basis of actuarial reports and the amount of the obligation is calculated in accordance with Luxembourg law.

Switzerland

The employees of STOXX Ltd. participate in a separate defined benefit pension plan. They are insured by a pension fund of SIX Swiss Exchange AG at PREVAS Sammelstiftung, Zurich.

Since 2012, there have been a separate pension plan (basic pension plan) and a supplementary benefits plan (bonus plan) for employees of Eurex Zürich AG and Eurex Global Derivatives AG; both plans are based on insurance policies and, in addition to retirement benefits, comprise disability benefits and dependants' pensions. The contributions to the basic pension plan are paid by the employee and the employer, based on progressive percentages of the insured wage (annual wage less coordination deduction). For the bonus plan, the contributions are determined as a percentage of the bonus; it is also funded by contributions from employees and the employer. The retirement age is 65. The beneficiaries can choose between pension payments and a one-off payment.

22. Provisions for pensions and other employee benefits (Continued)

The present value of defined benefit obligations can be reconciled as follows with the provisions shown in the consolidated balance sheet:

Changes in net defined benefit obligations

	Present value of obligations	Fair value of plan assets	Total	Impact of minimum funding requirement/asset ceilling	Total
	€m	€m	€m	€m	€m
Balance as at 1 Jan 2012	**244.8**	**(197.6)**	**47.2**	**0**	**47.2**
Current service cost	14.3	—	14.3	—	14.3
Interest expense/(income)	11.9	(9.6)	2.3	—	2.3
Past service cost and gains and losses on settlements	0.9	—	0.9	—	0.9
	27.1	**(9.6)**	**17.5**	**0**	**17.5**
Remeasurements					
Return on plan assets, excluding amounts already recognised in interest income	—	(8.3)	(8.3)	—	(8.3)
Losses from changes in financial assumptions	66.9	—	66.9	—	66.9
Experience gains	(5.5)	—	(5.5)	—	(5.5)
Change in asset ceilling, excluding amounts included in interest expense	—	—	0	0.6	0.6
	61.4	**(8.3)**	**53.1**	**0.6**	**53.7**
Effect of exchange rate differences	0.3	0	0.3	0	0.3
Contributions:					
Employers	—	(23.4)	(23.4)	—	(23.4)
Plan participants	0.7	(0.7)	0	—	0
Benefit payments	(6.2)	6.2	0	—	0
Settlements	0.1	0	0.1	—	0.1
Balance as at 31 Dec 2012	**328.2**	**(233.4)**	**94.8**	**0.6**	**95.4**
Changes in the basis of consolidation	0.3	—	0.3	—	0.3
Current service cost	17.1	—	17.1	—	17.1
Interest expense/(income)	11.0	(8.6)	2.4	—	2.4
	28.1	**(8.6)**	**19.5**	**0**	**19.5**
Remeasurements					
Return on plan assets excluding amounts already recognised in interest income	—	(10.4)	(10.4)	—	(10.4)
Losses from changes in demographic assumptions	3.2	—	3.2	—	3.2
Losses from changes in financial assumptions	5.4	—	5.4	—	5.4
Experience gains	(11.9)	—	(11.9)	—	(11.9)
Change in asset ceilling, excluding amounts included in interest expense	—	—	0	(0.6)	(0.6)
	(3.3)	**(10.4)**	**(13.7)**	**(0.6)**	**(14.3)**
Effect of exchange rate differences	(0.2)	0	(0.2)	0	(0.2)
Contributions:					
Employers	—	(20.5)	(20.5)	—	(20.5)
Plan participants	0.8	(0.8)	0	—	0
Benefit payments	(10.3)	10.3	0	—	0
Balance as at 31 Dec 2013	**343.6**	**(263.4)**	**80.2**	**0**	**80.2**

22. Provisions for pensions and other employee benefits (Continued)

In financial year 2013, employees converted a total of €3.3 million (2012: €3.1 million) of their variable remuneration into deferred compensation benefits.

Assumptions

Provisions for pension plans and other employee benefits are measured annually at the balance sheet date using actuarial methods. The assumptions for determining the actuarial obligations for the pension plans differ according to the individual conditions in the countries concerned and are as follows:

Actuarial assumptions

	31 Dec 2013			31 Dec 2012		
	Germany	Luxembourg	Switzerland	Germany	Luxembourg	Switzerland
	%	%	%	%	%	%
Discount rate	3.40	3.40	2.00	3.50	3.50	2.00
Salary growth	3.50	3.50	1.00	3.50	3.50	1.00
Pension growth	2.00	2.00–2.25	0	2.00	2.00	0
Staff turnover rate	2.00(1)	2.00(1)	n.a.(2)	2.00	2.00	n.a.(2)

(1) Up to the age of 50, afterwards 0.00 per cent.

(2) Staff turnover rate in accordance with the Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge (BVG, Swiss Federal Occupational Retirement, Survivors' and Disability Pension Plans Act)

In Germany, the "2005 G" mortality tables (generation tables) developed by Prof Dr Klaus Heubeck are used in a modified version. For Luxembourg, generation tables of the Institut national de la statistique et des études économiques du Grand-Duché du Luxembourg are used. For Switzerland, the BVG 2010 generation tables are used.

Sensitivity analysis

The sensitivity analysis presented in the following considers the change in one assumption at a time, leaving the other assumptions unchanged from the original calculation, i.e. possible correlation effects between the individual assumptions are not taken into account.

Sensitivity of defined benefit obligation to change in the weighted principal assumptions

		Impact on defined benefit obligation		Impact on defined benefit obligation	
	Change in actuarial assumption	2013 Defined benefit obligation	Change	2012 Defined benefit obligation	Change
		€m	%	€m	%
Present value of the obligation(1)		343.6	—	328.2	—
Discount rate	Increase by 1.0 percentage point	293.5	(14.6)	278.7	(15.1)
	Reduction by 1.0 percentage point	406.9	18.4	388.1	18.3
Salary growth	Increase by 0.5 percentage points	354.4	3.2	340.0	3.6
	Reduction by 0.5 percentage points	335.1	(2.5)	318.7	(2.9)
Pension growth	Increase by 0.5 percentage points	358.0	4.2	337.8	2.9
	Reduction by 0.5 percentage points	336.1	(2.2)	319.6	(2.6)
Life expectancy	Increase by one year	351.7	2.3	335.4	2.2
	Reduction by one year	335.3	(2.4)	320.5	(2.3)

(1) Present value of the obligations using assumptions in accordance with the table "actuarial assumptions"

22. Provisions for pensions and other employee benefits (Continued)

Composition of plan assets

Germany

In Germany, the plan assets are held by a trustee in safekeeping for individual companies of Deutsche Börse Group and for the beneficiaries. At the company's instruction, the trustee uses the funds transferred to acquire securities on a trust basis, without any consulting on the part of the trustee. The contributions are invested in accordance with an investment policy, which may be amended by the companies represented in the investment committee in agreement with the other members. The trustee may refuse to carry out instructions if they are in conflict with the fund's allocation rules or the payment provisions. In accordance with the investment policy, about 25 per cent of fund assets are invested in shares with the aim of replicating the STOXX Europe 600 Index. A total return approach is pursued for the remaining fund assets, and investments can be made in different asset classes.

Luxembourg

In Luxembourg, the Board of Directors of the Clearstream Pension Fund is responsible for determining the investment strategy, with the aim of maximising returns in relation to a benchmark. This benchmark is derived in equal parts from the return on five-year German federal government bonds and the return on the EURO STOXX 50 Index. According to the investment policy, the fund may only invest in fixed-income securities, shares and listed investment fund units, and it may hold cash.

Switzerland

Since 2012, the assets of the pension funds of Eurex Zürich AG and Eurex Global Derivatives AG have been invested with AXA Stiftung Berufliche Vorsorge and are therefore reported under "qualifying insurance policies".

22. Provisions for pensions and other employee benefits (Continued)

Overview on plan assets

	31 Dec 2013		31 Dec 2012	
	€m	%	€m	%
Equity instruments—Europe	**60.8**	**23.1**	**86.3**	**37.0**
Financial institutions	11.6		16.3	
Manufacturing and Industrial	14.4		19.2	
Energy and commodities	6.6		15.4	
Technology companies	4.7		6.4	
Other	23.5		29.0	
Equity instruments—other	**0.6**	**0.2**	**0.6**	**0.3**
Financial institutions	0.1		0.1	
Manufacturing and Industrial	0.1		0.1	
Energy and commodities	0.1		0.1	
Technology companies	0.1		0.1	
Other	0.2		0.2	
Bonds	**165.8**	**63.0**	**104.0**	**44.6**
Government bonds	163.5		87.6	
Corporate bonds	2.3		16.4	
Derivatives	**0.8**	**0.3**	**0**	**0**
Stock index futures	0.8		0.2	
Interest rate futures	0		(0.2)	
Property	**0.8**	**0.3**	**0.7**	**0.3**
Europe	0.7		0.6	
Other	0.1		0.1	
Investment funds	**18.0**	**6.8**	**19.0**	**8.1**
Other	**0.1**	**0**	**0.1**	**0**
Total listed	**246.9**	**93.7**	**210.7**	**90.3**
Qualifying insurance policies	7.7	2.9	7.9	3.4
Cash	8.6	3.3	14.8	6.3
Other	0.2	0.1	0	0
Total not listed	**16.5**	**6.3**	**22.7**	**9.7**
Total plan assets	**263.4**	**100.0**	**233.4**	**100.0**

As at 31 December 2013, plan assets included financial instruments of the Group amounting to €0.1 million (2012: €0.1 million). They did not include any property occupied or other assets used by the Group.

Risks

In addition to the general actuarial risks, the risks associated with the defined benefit obligations relate especially to financial risks in connection with the plan assets, including in particular counterparty credit and market price risks.

Market price risk

The return on plan assets is assumed to be the discount rate determined on the basis of corporate bonds with an AA rating. If the actual rate of return on plan assets is lower than the discount rate used, the net defined benefit liability increases accordingly. After a reduction in the equity ratio of the plan assets held in Germany in 2013 and at a lower volatility, the actual return is further expected to exceed the return on corporate bonds with a good credit in the medium to long term.

Deutsche Börse Group considers the share price risk resulting from the equity ratio of the plan assets to be appropriate. The company bases its assessment on the expectation that the overall volume of payments

22. Provisions for pensions and other employee benefits (Continued)

from the pension plans will be manageable in the next few years, that the total amount of the obligations will also be manageable and that it will be able to meet these payments in full from operating cash flows. Any amendments to the investment policy take into account the duration of the pension obligation as well as the expected payments over a period of ten years.

Moreover, the level of the net liability is influenced by the discount rates in particular, whereby the current low interest rates contribute to a relatively high net liability. A continued decline in returns on corporate bonds will lead to a further increase in defined benefit obligations, which can be only partially offset by the positive development of the fair values of the corporate bonds included in the plan assets.

Inflation risk

Possible inflation risks that could lead to an increase in defined benefit obligations exist because some pension plans or the annual capital components are directly related to the salaries, i.e. a significant increase in salaries would lead to an increase in the benefit obligation from the plans. In Germany, however, there are no contractual arrangements with regard to inflation risk for these pension plans. An interest rate of 6 per cent p.a. has been agreed for the employee-financed deferred compensation plan; the plan does not include any arrangements for inflation, so that it has to be assumed that there will be little incentive for employees to contribute to the deferred compensation plan in times of rising inflation.

In Luxembourg, salaries are adjusted for the effects of inflation on the basis of a consumer price index no more than once a year; this adjustment leads to a corresponding increase in the benefit obligation from the pension plan. Since the obligation will be met in the form of a capital payment, there will be no inflation-linked effects once the beneficiary reaches retirement age.

In Switzerland, the benefit plans at AXA Stiftung Berufliche Vorsorge and PREVAS Sammelstiftung include the provision that the Board of the foundation decides annually whether the retirement pensions will be adjusted to price trends. The decision takes into account in particular the financial capability of the foundation. There are no arrangements for automatic adjustments to price increases over and above the legal requirements that apply to certain surviving dependants' and disability pensions.

Duration and expected maturities of the pension obligations

The weighted duration of the pension obligations was 16.42 years as at 31 December 2013.

Expected maturities of undiscounted pension payments

	Expected pension payments[1] 31 Dec 2013	Expected pension payments[1] 31 Dec 2012
	€m	€m
Less than 1 year	8.7	8.1
Between 1 and 2 years	9.1	7.5
Between 2 and 5 years	37.3	39.3
More than 5 years up to 10 years	72.1	59.9
Total	**127.2**	**114.8**

(1) The expected payments in CHF were translated into euros at the respective closing rate on 31 December.

The expected costs of defined benefit plans amount to approximately €18.1 million for the 2014 financial year, including net interest expense.

Defined contribution pension plans

In the year under review, the costs of defined contribution plans amounted to €27.7 million (2012: €27.0 million).

23. Changes in other provisions

Changes in other provisions

	Other non-current provisions	Tax provisions	Other current provisions	Total
	€m	€m	€m	€m
Balance as at 1 Jan 2013	**80.3**	**252.2**	**88.9**	**421.4**
Reclassification	(21.6)	(0.4)	20.8	(1.2)[1]
Utilisation	(8.6)	(22.2)	(33.1)	(63.9)
Reversal	(2.2)	(8.9)	(6.4)	(17.5)
Additions	65.3	46.1	153.4	264.8
Balance as at 31 Dec 2013	**113.2**	**266.8**	**223.6**	**603.6**

(1) Relates to the reclassification to liabilities

24. Other non-current provisions

Other non-current provisions have more than one year to maturity.

Composition of other non-current provisions

	31 Dec 2013	31 Dec 2012
	€m	€m
Restructuring and efficiency measures	78.8	42.3
Pension obligations to IHK[1]	9.5	9.6
Stock Bonus Plan	8.0	6.7
Anticipated losses	5.9	6.1
Jubilee	5.4	5.5
Bonus	4.4	8.6
Early retirement	1.2	1.5
Total	**113.2**	**80.3**
thereof with remaining maturity between 1 and 5 years	78.5	61.1
thereof with remaining maturity of more than 5 years	34.7	19.2

(1) IHK = Industrie- und Handelskammer Frankfurt am Main (the Frankfurt/Main Chamber of Industry and Commerce)

Provisions for restructuring and efficiency measures include provisions amounting to €7.2 million (2012: €8.5 million) for the restructuring and efficiency programme resolved in September 2007 as well as €28.9 million (2012: €33.8 million) for the programme resolved in 2010 to increase operational performance and €42.7 million for the programme resolved in 2013 to improve the cost structures and operational processes in order to adapt to a permanently changed business environment. Additions include discount effects amounting to €3.6 million (2012: €3.9 million) mainly from the passage of time.

For details on the restructuring and efficiency programmes see "Internal management—Control systems" section in the combined management report.

Provisions for pension obligations to the Industrie- und Handelskammer (IHK, the Chamber of Commerce) are recognised on the basis of the number of eligible employees. Provisions for early retirement benefits are calculated on the basis of the active and former employees involved. Additions include discount rate effects amounting to €0.3 million (2012: €0.3 million) mainly from the passage of time.

For details on the Stock Bonus Plan, see note 39.

As at 31 December 2013, the provisions for anticipated losses contain provisions for anticipated losses from rental expenses and restoration obligations amounting to €9.2 million (2012: €7.1 million), of which €3.3 million (2012: €1.0 million) are allocated to current provisions. The provisions classified as

24. Other non-current provisions (Continued)

non-current are not expected to be utilised before 2015. €5.8 million of the non-current provisions relates to restoration obligations. The provisions are calculated on the basis of the expected restoration costs.

25. Interest-bearing liabilities

The euro and US dollar bonds issued by Deutsche Börse Group have a carrying amount of €1,521.9 million (2012: €1,737.4 million) and a fair value of €1,551.8 million (2012: €1,821.9 million).

At the end of the first quarter of 2013, Deutsche Börse AG issued a corporate bond with a nominal amount of €600 million. The bond has a term of five years and a coupon of 1.125 per cent annually. It serves primarily to refinance euro-denominated bonds with a principal amount of €797.8 million that matured or were called in the course of the second quarter of 2013. For further details, see the "Results of operations" section and the "Debt instruments of Deutsche Börse AG" table in the combined management report.

The financial liabilities recognised in the balance sheet were not secured by liens or similar rights, neither as at 31 December 2013 nor as at 31 December 2012.

26. Tax provisions

Composition of tax provisions

	31 Dec 2013	31 Dec 2012
	€m	€m
Income tax expense: current year	31.1	33.4
Income tax expense: previous years	185.3	168.9
Capital tax and value added tax	50.4	49.9
Total	**266.8**	**252.2**

Tax provisions of €140.0 million have an estimated remaining maturity of more than one year.

27. Other current provisions

Composition of other current provisions

	31 Dec 2013	31 Dec 2012
	€m	€m
Recourse, litigation and interest rate risks(1)	117.9	8.1
Interest on taxes	49.1	43.1
Restructuring and efficiency measures(2)	16.5	5.6
Claims for damages	10.6	13.3
Stock Bonus Plan	10.2	8.3
Bonus	6.3	0
Rent and incidental rental costs	1.9	3.1
Personnel expenses	2.5	2.8
Anticipated losses	3.3	1.0
Miscellaneous	5.3	3.6
Total	**223.6**	**88.9**

(1) Including €110.3 million (US$ 151.9 million) for the settlement with OFAC. For details see note 37.

(2) Thereof provisions amounting to €0.4 million (2012: €0.4 million) for the restructuring and efficiency programme resolved in 2007, provisions amounting to €1.6 million (2012: €3.6 million) for the programme to increase operational performance adopted in 2010 and €14.0 million for the programme resolved in 2013 to improve the cost structures and operational processes in order to adapt to a permanently changed business environment. For details see "Internal management control" section of the combined management report.

27. Other current provisions (Continued)

For details on share-based payments, see note 39. For details on non-current anticipated losses, see note 24.

28. Liabilities from banking business

The liabilities from banking business are attributable solely to the Clearstream subgroup.

Composition of liabilities from banking business

	31 Dec 2013	31 Dec 2012
	€m	€m
Customer deposits from securities settlement business	9,475.7	12,542.5
Issued commercial paper	194.1	208.3
Overdrafts on nostro accounts	30.8	109.2
Forward foreign exchange transactions—held for trading	16.5	16.7
Money market lendings	8.1	3.5
Interest liabilities	0.1	0.1
Interest rate swaps—fair value hedges	0	0
Total	**9,725.3**	**12,880.3**

Remaining maturity of liabilities from banking business

	31 Dec 2013	31 Dec 2012
	€m	€m
Not more than 3 months	9,725.3	12,880.3
Total	**9,725.3**	**12,880.3**

29. Cash deposits by market participants

Composition of cash deposits by market participants

	31 Dec 2013	31 Dec 2012
	€m	€m
Liabilities from margin payments to Eurex Clearing AG by members	16,217.7	19,447.4
Liabilities from cash deposits by participants in equity trading	4.0	3.2
Total	**16,221.7**	**19,450.6**

30. Other current liabilities

Composition of other current liabilities

	31 Dec 2013	31 Dec 2012
	€m	€m
Liabilities from CCP positions	176.9	152.1
Issued commercial paper	100.0	0
Special payments and bonuses	39.2	37.7
Tax liabilities (excluding income taxes)	30.5	24.5
Vacation entitlements, flexitime and overtime credits	16.7	17.4
Interest payable	9.6	33.4
Derivatives	6.1	14.6
Liabilities as part of social security	4.2	3.8
Liabilities to supervisory bodies	2.2	2.1
Liability from repayment of euro-denominated bonds	0	577.4[1]
Earn-out component	0	1.2
Miscellaneous	26.7	24.2
Total	**412.1**	**888.4**

(1) See note 25 for further details.

31. Maturity analysis of financial instruments

Underlying contractual maturities of the financial assets and liabilities at the balance sheet date

	Contractual maturity						Contractual maturity							
	Sight		Not more than 3 months		More than 3 months but not more than 1 year		More than 1 year but not more than 5 years		Over 5 years		Reconciliation to carrying amount		Carrying amount	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Non-derivative financial liabilities														
Interest-bearing liabilities	0	0	6.8	0	33.7	877.3	1,011.2	244.8	709.2	895.2	(239.0)	(279.9)	1,521.9	1,737.4
Other non-current financial liabilities	0	0	0.1	0	0	0	0.3	0.8	0.4	0	1.8	5.2[(1)]	2.6	6.0[(1)]
Non-derivative liabilities from banking business	9,514.7	12,651.7	194.1	211.9	0	0	0	0	0	0	0	0	9,708.8	12,863.6
Trade payables, payables to associates, payables to other related parties and other current liabilities	178.1	0	245.1	317.4	3.8	5.6	0	0	0	0	110.7	690.3[(1)]	537.7	1,013.3[(1)]
Cash deposits by market participants	16,221.7	19,450.6	0	0	0	0	0	0	0	0	0	0	16,221.7	19,450.6
Other bank loans and overdrafts	0.1	0.1	0	0	0	0	0	0	0	0	0	0	0.1	0.1
Total non-derivative financial liabilities (gross)	**25,914.6**	**32,102.4**	**446.1**	**529.3**	**37.5**	**882.9**	**1,011.5**	**245.6**	**709.6**	**895.2**	**(126.5)**	**415.6**	**27,992.8**	**35,071.0**
Derivatives and financial instruments of Eurex Clearing AG														
Financial liabilities and derivatives of Eurex Clearing AG	25,980.7	16,508.9	103,079.9	104,121.9	23,986.2	35,683.4	4,051.7	1.2	6.9	0	0	0	157,105.4	156,315.4
less financial assets and derivatives of Eurex Clearing AG	(26,480.7)	(16,508.9)	(103,079.9)	(104,121.9)	(23,986.2)	(35,683.4)	(4,051.7)	(1.2)	(6.9)	0	0	0	(157,605.4)	(156,315.4)
Cash inflow—derivatives and hedges														
Cash flow hedges	0	0	0	6.1	0	18.7	0	5.6	0	1.4				
Fair value hedges	0	0	0	0	0	0	0	0	0	0				
Derivatives held for trading	551.2	471.1	1,751.2	1,831.8	0	7.7	0	0	0	0				
Cash outflow—derivatives and hedges														
Cash flow hedges	0	0	0	(6.2)	0	(18.7)	0	(16.8)	0	(4.2)				
Fair value hedges	0	0	0	0	0	0	0	0	0	0				
Derivatives held for trading	(551.0)	(346.8)	(1,734.9)	(1,973.3)	0	(7.6)	0	(5.5)	0	0				
Total derivatives and hedges	**(499.8)**	**124.3**	**16.3**	**(141.6)**	**0**	**0.1**	**0**	**(16.7)**	**0**	**(2.8)**				

(1) To reconcile to the balance sheet item including non-financial liabilities, the presentation has been adjusted

32. Classification of financial instruments under IAS 39

The following table shows an analysis of the financial instruments in the balance sheet in accordance with their classification under IAS 39 as well as the corresponding carrying amounts:

Classification of financial instruments

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount 31 Dec 2013	Carrying amount 31 Dec 2012
				€m	€m
Other equity investments	13	AFS(1)	Historical cost	19.3	20.9
		AFS(1)	Fair value	4.6	5.8
Non-current receivables and securities from banking business	13	AFS(1)	Fair value	1,178.3	1,485.0
Other financial instruments	13	AFS(1)	Historical cost	0.7	0
		AFS(1)	Fair value	24.9	21.5
Other loans	13	Loans and receivables	Amortised cost	0.4	0.1
Non-current financial instruments of Eurex Clearing AG	15	Held for trading	Fair value	4,058.6	0
Other non-current assets		Loans and receivables	Amortised cost	7.4	3.8
Current financial instruments of Eurex Clearing AG	15	Held for trading	Fair value	153,546.8	156,315.4
Current receivables and securities from banking business	16	AFS(1)	Fair value	310.6	25.0
		Cash flow hedges	Fair value	0	0.4
		Loans and receivables	Amortised cost	9,233.4	12,782.9
Trade receivables	17	Loans and receivables	Amortised cost	218.8	211.8
Receivables from related parties		Loans and receivables	Amortised cost	4.1	3.0
Other current assets	18	Held for trading	Fair value	0	0.1
		Loans and receivables	Amortised cost	196.5	92.0
Restricted bank balances	19	Loans and receivables	Amortised cost	16,221.7	19,450.6
Other cash and bank balances	33	Loans and receivables	Amortised cost	627.9	641.6
Interest-bearing liabilities (excluding finance leases)	14, 25	Liabilities at amortised cost	Amortised cost	1,187.8	811.4
		Net investment hedge(2)	Amortised cost	334.1	348.6
Non-current financial instruments of Eurex Clearing AG	15	Held for trading	Fair value	4,058.6	0
Other non-current liabilities		Liabilities at amortised cost	Amortised cost	0.8	1.7
		Puttable instruments	Fair value	0	3.0(3)

32. Classification of financial instruments under IAS 39 (Continued)

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount 31 Dec 2013	31 Dec 2012
				€m	€m
Current financial instruments of Eurex Clearing AG	15	Held for trading	Fair value	153,046.8	156,315.4
Liabilities from banking business	28	Liabilities at amortised cost	Amortised cost	9,708.8	12,863.6
		Held for trading	Fair value	16.5	16.7
Other bank loans and overdrafts	33	Liabilities at amortised cost	Amortised cost	0.1	0.1
Trade payables		Liabilities at amortised cost	Amortised cost	123.7	108.2
Liabilities to related parties		Liabilities at amortised cost	Amortised cost	1.9	16.7
Cash deposits by market participants	29	Liabilities at amortised cost	Amortised cost	16,221.7	19,450.6
Other current liabilities	30, 14	Liabilities at amortised cost	Amortised cost	295.3	771.0
		Cash flow hedges	Fair value	0	14.6
		Derivatives held for trading	Fair value	6.1	0
		Puttable instruments	Fair value	0	0.4[3]

(1) Available-for-sale (AFS) financial assets

(2) This relates to the private placements designated as hedging instruments of a net investment hedge (see note 14).

(3) This relates to the put options issued by Clearstream International S.A. relating to Clearstream Fund Services Ireland Ltd.

The financial assets and liabilities that are measured at fair value are to be allocated to the following three hierarchy levels: financial assets and liabilities are to be allocated to level 1 if there is a quoted price for identical assets and liabilities in an active market. They are allocated to level 2 if the inputs on which the fair value measurement is based are observable either directly (as prices) or indirectly (derived from prices). Financial assets and liabilities are allocated to level 3 if the fair value is determined on the basis of unobservable inputs.

32. Classification of financial instruments under IAS 39 (Continued)

As at 31 December 2013, the financial assets and liabilities that are measured at fair value were allocated to the following hierarchy levels:

Fair value hierarchy

	Fair value as at 31 Dec 2013	thereof attributable to: Level 1	Level 2	Level 3
	€m	€m	€m	€m
Recurrently measured at fair value				
ASSETS				
Financial assets held for trading				
Derivatives				
Non-current financial instruments of Eurex Clearing AG	4,058.6	4,058.6	0	0
Current financial instruments of Eurex Clearing AG	153,546.8	153,546.8	0	0
Total	**157,605.4**	**157,605.4**	**0**	**0**
Available-for-sale financial assets				
Equity instruments				
Other equity investments	4.6	0	4.6	0
Total	**4.6**	**0**	**4.6**	**0**
Debt instruments				
Other financial instruments	24.9	24.9	0	0
Non-current receivables and securities from banking business	1,178.3	1,178.3	0	0
Current receivables and securities from banking business	310.6	310.6	0	0
Total	**1,513.8**	**1,513.8**	**0**	**0**
Total assets	**159,123.8**	**159,119.2**	**4.6**	**0**
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Non-current financial instruments of Eurex Clearing AG	4,058.6	4,058.6	0	0
Current financial instruments of Eurex Clearing AG	153,046.8	153,046.8	0	0
Other current liabilities	6.1	0	0	6.1(1)
Liabilities from banking business	16.5	0	16.5	0
Total liabilities	**157,128.0**	**157,105.4**	**16.5**	**6.1**

(1) Relates to derivative financial instruments belonging to the incentive programme

32. Classification of financial instruments under IAS 39 (Continued)

By comparison, the financial assets and liabilities measured at fair value as at 31 December 2012 were allocated to the hierarchy levels as follows:

Fair value hierarchy

	Fair value as at 31 Dec 2012	thereof attributable to: Level 1	Level 2	Level 3
	€m	€m	€m	€m
Recurrently measured at fair value				
ASSETS				
Financial assets held for trading				
Derivatives				
Current financial instruments of Eurex Clearing AG	156,315.4	156,315.4	0	0
Current receivables and securities from banking business	0.4	0	0.4	0
Other non-current assets	0.1	0	0.1	0
Total	**156,315.9**	**156,315.4**	**0.5**	**0**
Available-for-sale financial assets				
Equity instruments				
Other equity investments	5.8	0.5	5.3	0
Total	**5.8**	**0.5**	**5.3**	**0**
Debt instruments				
Other financial instruments	21.5	21.5	0	0
Non-current receivables and securities from banking business	1,485.0	1,485.0	0	0
Current receivables and securities from banking business	25.0	25.0	0	0
Total	**1,531.5**	**1,531.5**	**0**	**0**
Total assets	**157,853.2**	**157,847.4**	**5.8**	**0**
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Current financial instruments of Eurex Clearing AG	156,315.4	156,315.4	0	0
Liabilities from banking business	16.7	0	16.7	0
Other non-current liabilities	3.0	0	0	3.0(1)
Other current liabilities	15.0	0	14.6	0.4(1)
Total liabilities	**156,350.1**	**156,315.4**	**31.3**	**3.4**

(1) This relates to the put options issued by Clearstream International S.A. relating to Clearstream Fund Services Ireland Ltd.

In the course of 2013, no reclassifications were made between the individual levels.

Financial assets and financial liabilities listed in levels 2 and 3 as at 31 December 2013 are measured as follows:

The derivatives listed in level 2 comprise forward foreign exchange transactions. The fair value of the forward foreign exchange transactions is determined on the basis of the forward foreign exchange rates for the remaining period to maturity as at the balance sheet date. They are based on observable market prices.

The equity investments allocated to level 2 are measured on the basis of current, comparable market transactions.

Puttable instruments with a carrying amount of €3.4 million were allocated to level 3 as at the beginning of the year under review. These were measured using the discounted cash flow method. In the second quarter of 2013, the current portion of the puttable instruments amounting to €0.4 million was exercised. In the

32. Classification of financial instruments under IAS 39 (Continued)

course of the third quarter, a settlement agreement in the amount of €1.0 million was reached for this long-term put, resulting in an effect recognised in profit or loss of €2.0 million as at the balance sheet date. At the end of the year under review, derivative financial instruments belonging to an incentive programme amounting to €(6.1) million were allocated to Level 3. The financial instruments were measured at fair value through profit and loss using an internal model. The model takes into account the criteria underlying the conditional repayment of the grant made by Eurex Clearing AG. The financial instruments were regularly measured at fair value through profit and loss using an internal model as at the quarterly balance sheet dates. The results from the subsequent measurement are recognised under "other operating expenses". The model takes into account the criteria underlying the conditional repayment of the grant made by Eurex Clearing AG. The criteria include, in particular, non-financial indicators as the expected number of customers in a specific market segment as well as expected trading volumes. They are continuously monitored, while taking possible adjustments into account; for this, information of customers is also used. Since there is an internal model, the parameters can be different as at the settlement date; however, the derivative financial instrument will not exceed an amount of €(8.0) million; this amount arises if the beneficiaries of the incentive programme fulfill the conditions and a repayment of the contribution is not taken into consideration.

The fair value of other financial assets and liabilities not measured at fair value is determined as follows:

The euro and US dollar bonds issued by Deutsche Börse Group have a fair value of €1,551.8 million (31 December 2012: €1,821.9 million) and are reported under interest-bearing liabilities. Euro-denominated bonds with a principal amount of €600.0 million were issued at the end of the first quarter of 2013. Euro-denominated bonds with a principal amount of €797.8 million matured in the course of the second quarter of 2013. The fair value is calculated on the basis of the quoted values of the bonds or as the present value of the cash flows relating to the private placements on the basis of market parameters.

The carrying amounts of the following items represent a reasonable approximation of their fair value:

- Unlisted equity instruments whose fair value generally cannot be reliably determined on a continuous basis and which are reported under the "financial assets" item; these are carried at cost less any impairment losses
- Other loans, which are reported under "financial assets"
- Other receivables and other assets as well as current receivables from banking business, to the extent that these are measured at amortised cost
- Restricted bank balances
- Other cash and bank balances
- Cash deposits by market participants
- Other current liabilities

Other disclosures

33. Consolidated cash flow statement disclosures

Cash flows from operating activities

After adjustments to net profit for the year for non-cash items, cash flows from operating activities excluding CCP positions amounted to €797.3 million (2012: €726.2 million). After adjustment for the change in CCP positions cash flow from operating activities amounted to €728.3 million (2012: €707.7 million). For details on the adjustments see the "Financial position" section of the combined management report. The other non-cash income consists of the following items:

Composition of other non-cash income

	2013	2012
	€m	€m
Equity method measurement	2.4	4.5
Reversal of discount and transaction costs from long-term financing	2.2	3.6
Impairment of other equity investments, loans and available-for-sale shares	1.7	11.4
Reversal of the revaluation surplus for cash flow hedges	1.7	(1.0)
Subsequent valuation of financial instruments	2.3	0.4
Subsequent measurement of the liability from the acquisition of further shares of Eurex Zürich AG	0	27.4
Fair value measurement of interest rate swaps	0	0.8
Miscellaneous	3.4	3.6
Total	**13.7**	**50.7**

Cash flows from investing activities

Net cash flows from investing activities amounted to €829.2 million and related in particular to payments to acquire property, plant and equipment and intangible assets of €127.6 million. In the previous year, investments in intangible assets included an amount of €0.1 million (2013: nil) relating to goodwill. Among the other investments in intangible assets and property, plant and equipment, the measures undertaken under the strategic growth initiatives and infrastructure projects are classified as expansion investments, while all remaining investments are reported as replacement investments.

The other investments in intangible assets and property, plant and equipment are broken down by segment as follows:

Payment to acquire intangible assets and property, plant and equipment

	31 Dec 2013	31 Dec 2012
	€m	€m
Expansion investments		
Eurex	40.3	48.7
Xetra	0.6	0.9
Clearstream	48.4	38.6
Market Data +Services	1.1	0
	90.4	**88.2**
Replacement investments		
Eurex	13.6	24.5
Xetra	2.6	6.7
Clearstream	18.2	20.0
Market Data +Services	2.8	6.2
	37.2	**57.4**
Total investments according to segment reporting	**127.6**	**145.6**

33. Consolidated cash flow statement disclosures (Continued)

Of the investments in non-current financial instruments, an amount of €8.5 million (2012: €255.6 million) related to the purchase of variable-rate securities in the banking business. Securities and other non-current receivables in the amount of €35.3 million (2012: €392.2 million), of which €32.2 million (2012: €387.7 million) related to the banking business, matured or were sold in financial year 2013.

The acquisition of further shares of European Energy Exchange AG at a purchase price of €15.4 million and the acquisition of interests in Zimory GmbH, Deutsche Börse Cloud Exchange AG and Global Markets Exchange Group International LLP at purchase prices totalling €19.7 million resulted in cash outflows of €35.1 million.

In connection with the termination of the cooperation agreement governing the equity investment in Scoach Holding S.A. with effect from 30 June 2013, the shares in Scoach Schweiz AG (now SIX Structured Products Exchange AG) held by Scoach Holding S.A. were transferred to SIX Swiss Exchange AG, and the shares in Scoach Holding S.A. previously held by SIX Swiss Exchange AG were transferred to Scoach Holding S.A. and subsequently retired (see note 2). Following the transfer, Deutsche Börse AG's equity interest in Scoach Holding S.A. (now Börse Frankfurt Zertifikate S.A.) increased to 100 per cent. Since the acquisition was transacted as an exchange, there were no cash outflows.

In 2012, there were cash outflows of €295.5 million in connection with the acquisition of shares in subsidiaries. €295.0 million of this amount related to the acquisition of the shares in Eurex Global Derivatives AG, which holds 50 per cent of shares of Eurex Zürich AG. The purchase price was paid in cash in the amount of €295.0 million as well as by delivery of 5,286,738 shares of Deutsche Börse AG; at the time of delivery, the shares had a fair value of €255.9 million.

Cash flows from financing activities

Cash outflows from financing activities of €497.6 million (2012: cash outflows of €550.6 million) mainly related to the dividend distribution of €386.5 million (2012: €622.9 million) and the repayment of bonds issued of €797.8 million. Moreover, a bond with a principal amount of €600 million was issued in financial year 2013 (2012: €600 million).

Reconciliation to cash and cash equivalents

	31 Dec 2013	31 Dec 2012
	€m	€m
Restricted bank balances	16,221.7	19,450.6
Other cash and bank balances	627.9	641.6
Net position of financial instruments of Eurex Clearing AG	500.0	0
less bank loans and overdrafts	(0.1)	(0.1)
	17,349.5	**20,092.1**
Reconciliation to cash and cash equivalents		
Current receivables and securities from banking business	9,544.0	12,808.2
less loans to banks and customers with an original maturity of more than 3 months	(692.1)	0
less available-for-sale debt instruments	(310.6)	(25.0)
less derivatives	0	(0.4)
Current liabilities from banking business	(9,725.3)	(12,880.3)
Current liabilities from cash deposits by market participants	(16,221.7)	(19,450.6)
	(17,405.7)	**(19,548.1)**
Cash and cash equivalents	**(56.2)**	**544.0**

34. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the year attributable to shareholders of the parent company (net income) by the weighted average number of shares outstanding.

In order to determine diluted earnings per share, potentially dilutive ordinary shares that may be acquired under the Stock Bonus Plan (SBP) (see also note 39) were added to the average number of shares. In order to calculate the number of potentially dilutive ordinary shares, the exercise prices were adjusted by the fair value of the services still to be provided.

In order to determine diluted earnings per share, all SBP tranches for which cash settlement has not been resolved are assumed to be settled with equity instruments—regardless of actual accounting in accordance with IFRS 2.

The following potentially dilutive rights to purchase shares were outstanding as at 31 December 2013:

Calculation of the number of potentially dilutive ordinary shares

Tranche	Exercise price	Adjustment of the exercise price according to IAS 33[(1)]	Average number of outstanding options 31 Dec 2013	Average price for the period[(2)]	Number of potentially dilutive ordinary shares as at 31 Dec 2013
	€	€		€	
2013[(3)]	0	38.88	56,598	50.90	13,366
Total					**13,366**

(1) According to IAS 33.47(a), the issue price and the exercise price for stock options and other share-based payment arrangements must include the fair value of any goods or services to be supplied to the entity in the future under the stock option or other share-based payment arrangement.

(2) Volume-weighted average price of Deutsche Börse AG shares on Xetra for the period 1 January to 31 December 2013

(3) This relates to rights to shares under the Stock Bonus Plan (SBP) for senior executives.

As the volume-weighted average share price was higher than the adjusted exercise price for the 2013 tranche, these stock options are considered as dilutive under IAS 33 as at 31 December 2013.

Calculation of earnings per share (basic and diluted)

	2013	2012
Number of shares outstanding as at beginning of period	184,078,674	188,686,611
Number of shares outstanding as at end of period	184,115,657	184,078,674
Weighted average number of shares outstanding	184,083,895	187,379,239
Number of potentially dilutive ordinary shares	13,366	31,166[(1)]
Weighted average number of shares used to calculate diluted earnings per share	184,097,261	187,410,405
Net income (€m)	478.4	645.0
Earnings per share (basic) (€)	2.60	3.44
Earnings per share (diluted) (€)	2.60	3.43

(1) Adjusted for the 2011 tranche, for which cash settlement was resolved in 2013

35. Segment reporting

Segment reporting is governed by the internal organisational and reporting structure, which is broken down by markets into the following four segments:

Internal organisational and reporting structure

Segment	Business areas
Eurex	• T7 electronic derivatives market trading platform • T7 electronic options trading platform • Eurex Repo® over-the-counter (OTC) trading platform • Central counterparty for bonds, on- and off-exchange derivatives and repo transactions
Xetra	• Cash market using the Xetra® electronic trading system, the Specialist trading on the Frankfurt Stock Exchange and Tradegate • Eurex Bonds® OTC trading platform • Central counterparty for equities and bonds • Admission of securities to listing
Clearstream	• Custody and settlement services for domestic and international securities • Global securities financing services and collateral management • Investment funds services
Market Data + Services	• Distribution of licenses for real-time trading and market signals • Development and sales of indices • Technology solutions for external customers • Trading participant connectivity

In accordance with IFRS 8, information on the segments is presented on the basis of internal reporting (management approach). As a result of the changes made to Deutsche Börse Group's organisational structure as at 1 January 2013, various business areas (e.g. trading participant connectivity, IT services and cooperations with partner exchanges) were transferred from the previous market segments (in particular Xetra) to the new Market Data + Services segment. In this context, net revenue, cost and employees directly or indirectly associated with these business areas have also been reallocated. Prior-year figures have been adjusted accordingly.

Sales revenue is presented separately by external sales revenue and internal (inter-segment) sales revenue. Inter-segment services are charged on the basis of measured quantities or at fixed prices (e.g. the provision of data by Eurex to Market Data + Services).

Due to their insignificance to segment reporting, the "financial income" and "financial expense" items have been combined to produce the "net financial result".

35. Segment reporting (Continued)

Segment reporting

	Eurex		Xetra		Clearstream		Market Data+Services		Total of all segments		Consolidation of internal net revenue[1]		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
External sales revenue	850.0	858.2	172.0	162.4	766.4	752.1	371.9	372.6	2,160.3	2,145.3	0	0	2,160.3	2,145.3
Internal sales revenue	0	0	0	0	7.6	5.5	26.4	29.5	34.0	35.0	(34.0)	(35.0)	0	0
Total sales revenue	**850.0**	**858.2**	**172.0**	**162.4**	**774.0**	**757.6**	**398.3**	**402.1**	**2,194.3**	**2,180.3**	**(34.0)**	**(35.0)**	**2,160.3**	**2,145.3**
Net interest income from banking business	0	0	0	0	35.9	52.0	0	0	35.9	52.0	0	0	35.9	52.0
Other operating income	13.5	10.2	8.9	6.4	7.4	3.1	3.6	4.0	33.4	23.7	(12.8)	(12.0)	20.6	11.7
Total revenue	**863.5**	**868.4**	**180.9**	**168.8**	**817.3**	**812.7**	**401.9**	**406.1**	**2,263.6**	**2,256.0**	**(46.8)**	**(47.0)**	**2,216.8**	**2,209.0**
Volume-related costs	(122.8)	(100.9)	(29.2)	(24.3)	(163.4)	(162.8)	(35.9)	(35.7)	(351.3)	(323.7)	46.8	47.0	(304.5)	(276.7)
Net revenue (total revenue less volume-related costs)	**740.7**	**767.5**	**151.7**	**144.5**	**653.9**	**649.9**	**366.0**	**370.4**	**1,912.3**	**1,932.3**	**0**	**0**	**1,912.3**	**1,932.3**
Staff costs	(143.2)	(124.5)	(45.9)	(39.8)	(205.5)	(178.1)	(81.4)	(71.8)	(476.0)	(414.2)	0	0	(476.0)	(414.2)
Depreciation, amortisation and impairment losses	(53.6)	(45.0)	(9.4)	(9.8)	(37.8)	(30.5)	(18.0)	(19.7)	(118.8)	(105.0)	0	0	(118.8)	(105.0)
Other operating expenses	(196.4)	(180.9)	(39.9)	(39.7)	(260.0)	(126.2)	(91.7)	(92.6)	(588.0)	(439.4)	0	0	(588.0)	(439.4)
Operating costs	**(393.2)**	**(350.4)**	**(95.2)**	**(89.3)**	**(503.3)**	**(334.8)**	**(191.1)**	**(184.1)**	**(1,182.8)**	**(958.6)**	**0**	**0**	**(1,182.8)**	**(958.6)**
Result from equity investments	5.1[2]	(4.7)[3]	4.0	4.9	0.2	(0.5)	0	(4.0)	9.3	(4.3)	0	0	9.3	(4.3)
Earnings before interest and tax (EBIT)	**352.6**	**412.4**	**60.5**	**60.1**	**150.8**	**314.6**	**174.9**	**182.3**	**738.8**	**969.4**	**0**	**0**	**738.8**	**969.4**
Net financial result	(62.6)	(125.1)[4]	(2.6_	(2.4)	(3.2)	(3.4)	(2.3)	(1.8)	(70.7)	(132.7)	0	0	(70.7)	(132.7)
Earnings before tax (EBT)	**290.0**	**287.3**	**57.9**	**57.7**	**147.6**	**311.2**	**172.6**	**180.5**	**668.1**	**836.7**	**0**	**0**	**668.1**	**836.7**
Investment in intangible assets and property, plant and equipment[5]	53.9	73.2	3.2	7.6	66.6	58.6	3.9	6.2	127.6	145.6	0	0	127.6	145.6
Employees (as at 31 December)	1,018	961	331	309	1,816	1,793	646	641	3,811	3,704	0	0	3,811	3,704
EBIT margin (%)[6]	**47.6**	**53.7**	**39.9**	**41.6**	**23.1**	**48.4**	**47.8**	**49.2**	**38.6**	**50.2**	**n.a.**	**n.a.**	**38.6**	**50.2**

(1) The consolidation of internal net revenue column shows the elimination of intragroup sales revenue and profits.

(2) Includes impairment losses totalling €1.6 million that account for the interest in Quadriserv Inc.

(3) Includes impairment losses of €10.8 million that account for the interest in Quadriserv Inc.

(4) Includes loss on subsequent measurement of liabilities to SIX Group AG of €27.4 million.

(5) Excluding goodwill

(6) EBIT margin is calculated on the basis of EBIT divided by net revenue.

In the year under review, there was an extraordinary impairment loss of €0.6 million (2012: nil).

Non-cash valuation allowances and bad debt losses resulted from the following segments:

Breakdown of non-cash valuation allowances and bad debt losses

	2013	2012
	€m	€m
Eurex	0.4	0
Xetra	0.4	0
Clearstream	0.1	0.4
Market Data + Services	0.6	0.3
Total	**1.5**	**0.7**

Deutsche Börse Group's business model—and that of its segments—is focused on an internationally operating participant base and pricing does not differ depending on the customer's location. From a price, margin and risk perspective, this means that it is not important whether sales revenue is generated from German or non-German participants.

35. Segment reporting (Continued)

The risks and returns from the activities of the subsidiaries operating within the economic environment of the European Monetary Union (EMU) do not differ significantly from each other on the basis of the factors to be considered in identifying information on geographical regions under IFRS 8. As a result, Deutsche Börse Group has identified the following information on geographical regions: the euro zone, the rest of Europe, America and Asia-Pacific.

Sales revenue is allocated to the individual regions according to the customer's domicile, while investments and non-current assets are allocated according to the company's domicile and employees according to their location.

As described above, the analysis of sales is based on the direct customer's billing address. This means for example: sales to an American investor trading a product with an Asian underlying via a European clearing member are classified as European sales. Thus, in addition to sales to customers based in the Asia Pacific region, Deutsche Börse Group also reports sales of products based on Asia Pacific underlyings. These include, for example, trading of the South Korean KOSPI index on Eurex, settlement and custody services for securities issued by Asian entities, global securities financing from and with Asian customers, and index products such as the STOXX China Total Market indices. Furthermore, the Group earns net interest income on Asian customer balances. In total, this Asia Pacific-driven business amounted to an additional €48.8 million in 2013 (2012: €45.2 million, number restated for the inclusion of GSF revenues).

Information on geographical regions

	Sales revenue		Investments[3]		Non-current assets		Number of employees	
	2013	2012	2013	2012	2013	2012	2013	2012
	€m	€m	€m	€m	€m	€m		
Euro zone	1,080.7[1]	1,076.8[1]	119.5	133.6	1,483.8[2]	1,442.7[2]	2,687	2,652
Rest of Europe	695.1[1]	727.8[1]	0.5	5.3	589.7[2]	579.9[2]	688	633
America	325.7[1]	295.1[1]	6.2	6.5	1,374.3[2]	1,488.5[2]	310	308
Asia/Pacific	92.8	80.6	1.4	0.2	1.6	0.8	126	111
Total of all regions	**2,194.3**	**2,180.3**	**127.6**	**145.6**	**3,449.4**	**3,511.9**	**3,811**	**3,704**
Consolidation of internal net revenue	(34.0)	(35.0)						
Group	**2,160.3**	**2,145.3**	**127.6**	**145.6**	**3,449.4**[2]	**3,511.9**	**3,811**	**3,704**

(1) Including countries in which more than 10 per cent of sales revenue were generated: UK (2013: €545.2 million; 2012: €571.0 million), Germany (2013: €575.5 million; 2012: €571.0 million), and USA (2013: €316.0 million; 2012: €285.1 million)

(2) Including countries in which more than 10 per cent of non-current assets are carried: USA (2013: €1,374.3 million; 2012: €1,488.5 million), Germany (2013: €1,267.4 million; 2012: €1,266.0 million) and Switzerland (2013: €584.4 million; 2012: €573.2 million)

(3) Excluding goodwill

36. Financial risk management

Deutsche Börse Group presents the qualitative disclosures required by IFRS 7 in detail in the combined management report (see explanations in the risk report, which is part of the combined management report), such as the nature and extent of risks arising from financial instruments, as well as the objectives, strategies and methods used to manage risk.

Financial risks arise at Deutsche Börse Group mainly in the form of credit risk. To a smaller extent the Group is exposed to market price risk. Financial risks are quantified using the economic capital concept (please refer to the risk report for detailed disclosures). Economic capital is assessed on a 99.98 per cent confidence level for a one-year holding period. The economic capital is compared with the Group's liable equity capital adjusted by intangible assets so as to test the Group's ability to absorb extreme and unexpected losses. The economic capital for financial risk is calculated at the end of each month and

36. Financial risk management (Continued)

amounted to €388 million as at 31 December 2013, whereby €311 million stem from credit risk and €77 million stem from market price risk.

The Group evaluates its financial risk situation on an ongoing basis. In the view of the Executive Board, no threat to the continued existence of the Group can be identified at this time.

Credit risk

Credit risks arise in Deutsche Börse Group from the following items:

Credit risk of financial instruments

			Carrying amounts—maximum risk position		Collateral	
	Segment	Note	Amount as at 31 Dec 2013	Amount as at 31 Dec 2012	Amount as at 31 Dec 2013	Amount as at 31 Dec 2012
			€m	€m	€m	€m
Collateralised cash investments						
Overnight money invested under securities repurchase agreements	Eurex[1]		0	1,499.9	0	1,601.9
Reverse repurchase agreements	Eurex[1]		7,271.3	5,287.5	7,360.9[2]	5,316.7[2]
	Clearstream	16	6,708.7	2,847.4	6,681.7[3][4]	2,842.6[3][4]
	Group[1]		157.9	133.2	158.1	135.2
			14,137.9	**9,768.0**	**14,200.7**	**9,896.4**
Uncollateralised cash investments						
Money market lendings—central banks	Eurex[1]		9,186.7	12,862.7	0	0
	Clearstream	16	624.1	6,530.7	0	0
Money market lendings—other counterparties	Eurex[1]		8.3	29.6	0	0
	Clearstream	16	419.9	1,198.9	0	0
	Group[1]		12.1	14.9	0	0
Balances on nostro accounts	Clearstream	16	991.3	1,975.4	0	0
	Group[1]		213.2	264.3	0	0
Other fixed-income securities	Clearstream	13, 16	5.5[5]	5.8[5]	0	0
Floating rate notes	Clearstream	13, 16	1,483.4[5]	1,504.2[5]	0	0
	Group	13	5.0[6]	5.0	0	0
Fund assets	Eurex	13	11.0	8.8	0	0
			12,960.5	**24,400.3**	**0**	**0**
Loans for settling securities transactions						
Technical overdraft facilities	Clearstream	16	487.0	228.4	n.a.[7]	n.a.[7]
Automated Securities Fails Financing[8]	Clearstream		556.9	741.3	711.2	800.4
ASLplus securities lending[8]	Clearstream		41,858.4	38,043.9	43,624.3	38,071.3
			42,902.3	**39,013.6**	**44,335.5**	**38,871.7**
Total			**70,000.7**	**73,181.9**	**58,536.2**	**48,768.1**

36. Financial risk management (Continued)

	Segment	Note	Carrying amounts—maximum risk position: Amount as at 31 Dec 2013 €m	Carrying amounts—maximum risk position: Amount as at 31 Dec 2012 €m	Collateral: Amount as at 31 Dec 2013 €m	Collateral: Amount as at 31 Dec 2012 €m
Balance brought forward			**70,000.7**	**73,181.9**	**58,536.2**	**48,768.1**
Other receivables						
Other loans	Group		0.4	0.1	0	0
Other assets	Group	32	203.9	93.5	0	0
Trade receivables	Group		218.8	211.8	0	0
Receivables from related parties	Group		4.1	3.0	0	0
Interest receivables	Clearstream	16	2.4	2.0	0	0
			429.6	**310.4**	**0**	**0**
Financial instruments of Eurex Clearing AG (central counterparty)			**34,840.4(9)**	**34,864.7(9)**	**48,419.2(10)(11)**	**45,881.2(10)(11)**
Derivatives		14	**0**	**0.5**	**0**	**0**
Financial guarantee contracts(8)			**11.3**	**11.7**	**0**	**0**
Total			**105,282.0**	**108,369.2**	**106,955.4**	**94,649.3**

(1) Presented in the items "restricted bank balances" and "other cash and bank balances"

(2) Thereof, €732.0 million repledged to central banks (2012: €0 million)

(3) Thereof, €4,524.2 million transferred to central banks (2012: €443.8 million)

(4) Total of fair value of cash (€4.7 million; 2012: nil) and securities collateral (€6,777.0 million; 2012: €2,842.6 million) received under reverse repurchase agreements

(5) Thereof 1,328.6 million transferred to central banks (2012: €1,352.0 million).

(6) The amount includes collateral totalling €5.0 million (2012: €5.0 million).

(7) The portfolio of deposited collateral is not directly attributed to any utilisation, but is determined by the scope of the entire business relationship and the limits granted.

(8) Off-balance-sheet items

(9) Net value of all margin requirements resulting from executed trades as at the balance sheet date; this figure represents the risk-oriented view of Eurex Clearing AG while the carrying amount of the position "financial instruments of Eurex Clearing AG" in the balance sheet shows the gross amount of the open trades according to IAS 32.

(10) Collateral value of cash and securities collateral deposited for margins covering net value of all margin requirements

(11) The amount includes the clearing fund totalling €1,597.2 million (2012: €1,402.3 million).

Cash investments

Deutsche Börse Group is exposed to credit risk in connection with the investment of cash funds. The Group mitigates such risks by investing short-term funds either—to the extent possible—on a collateralised basis, e.g. via reverse repurchase agreements or by deposits with central banks.

According to the treasury policy, only bonds with a minimum rating of AA− issued or guaranteed by governments or supranational institutions are eligible as collateral.

The fair value of securities received under reverse repurchase agreements (Clearstream subgroup, Eurex Clearing AG and Deutsche Börse AG) was €14,196.0 million (2012: €8,273.6 million). The Clearstream subgroup and Eurex Clearing AG are able to repledge the securities received to their central banks.

36. Financial risk management (Continued)

The fair value of securities received under reverse repurchase agreements transferred via transfer of title to central banks at Clearstream subgroup amounted to €4,524.2 million as at 31 December 2013 (2012: €443.8 million). As at 31 December 2013 Eurex Clearing AG has repledged securities to central banks with a fair value of €732.0 million (2012: nil). The contract terms are based on recognised bilateral master agreements.

Uncollateralised cash investments are permitted only for counterparties with sound creditworthiness within the framework of defined counterparty credit limits or in the form of investments in money market or other mutual funds as well as US treasuries and municipal bonds with maturities of less than two years. Counterparty credit risk is monitored on the basis of an internal rating system.

Part of the available-for-sale fixed-income financial instruments and floating rate notes held by Clearstream are transferred via transfer of title to central banks to collateralise the settlement facilities obtained. The fair value of transferred securities was €1,355.0 million as at 31 December 2013 (2012: €1,352.0 million).

Loans for settling securities transactions

Clearstream grants customers technical overdraft facilities to maximise settlement efficiency. These settlement facilities are subject to internal credit review procedures. They are revocable at the option of the Clearstream subgroup and are largely collateralised. Technical overdraft facilities amounted to €91.8 billion as at 31 December 2013 (2012: €87.6 billion). Of this amount, €2.7 billion (2012: €2.8 billion) is unsecured, whereby a large proportion relates to credit lines granted to central banks and other government-backed institutions. Actual outstandings at the end of each business day generally represent a small fraction of the facilities and amounted to €487.0 million as at 31 December 2013 (2012: €228.4 million); see note 16.

Clearstream also guarantees the risk resulting from the Automated Securities Fails Financing programme it offers to its customers. This risk is collateralised. Guarantees given under this programme amounted to €556.9 million as at 31 December 2013 (2012: €741.3 million).

Under the ASLplus securities lending programme, Clearstream Banking S.A. had securities borrow-ings from various counterparties totalling €41,858.4 million as at 31 December 2013 (2012: €38,043.9 million). These securities were fully lent to other counterparties. Collateral received by Clearstream Banking S.A. in connection with these loans amounted to €43,624.3 million (2012: €38,071.3 million).

In 2012 and 2013, no losses from credit transactions occurred in relation to any of the transaction types described.

Other receivables

Trading, settlement and custody fees are generally collected without delay by direct debit. Fees for other services, such as the provision of data and information, are settled mainly by transfer. As a result of default by customers, receivables of €2.7 million (2012: €2.2 million) relating to fees for trading and provision of data and IT services are not expected to be collectable.

Financial instruments of Eurex Clearing AG (central counterparty)

To safeguard Eurex Clearing AG against the risk of default by a clearing member, the clearing conditions require the clearing members to deposit margins in the form of cash or securities on a daily basis or an intraday basis in the amount stipulated by Eurex Clearing AG. Additional security mechanisms of Eurex Clearing AG are described in detail in the risk report.

The aggregate margin calls (after haircuts) based on the executed transactions was €34,840.4 million at the reporting date (2012: €34,864.7 million). In fact, collateral totalling €48,419.2 million (2012: €45,881.2 million) was deposited.

36. Financial risk management (Continued)

Composition of Eurex Clearing AG's collateral

	Collateral value as at 31 Dec 2013	Collateral value as at 31 Dec 2012
	€m	€m
Cash collateral (cash deposits)[1]	16,217.6	19,447.4
Securities and book-entry securities collateral[2][3]	32,201.6	26,433.8
Total	**48,419.2**	**45,881.2**

(1) The amount includes the clearing fund totalling €690.6 million (2012: €680.3 million).

(2) The amount includes the clearing fund totalling €906.6 million (2012: €722.0 million).

(3) The collateral value is determined on the basis of the fair value less a haircut.

In contrast to the risk-oriented net analysis of the transactions via the central counterparty, the gross amounts are reported in the balance sheet, as the offsetting rules defined in IAS 32 cannot be met. For a detailed explanation of this balance sheet item, see "Financial instruments of Eurex Clearing AG (central counterparty)" section in note 3 or note 15. For an analysis of the carrying amount, see note 15.

Credit risk concentrations

Deutsche Börse Group's business model and the resulting business relationships with a large part of the financial sector mean that, as a rule, credit risk is concentrated on the financial services sector. Potential concentrations of credit risk on individual counterparties are limited by application of counterparty credit limits.

The regulatory requirements, such as those arising under the Großkredit- und Millionenkreditverordnung (GroMiKV, ordinance governing large exposures and loans of €1.5 million or more) in Germany and the corresponding rules in Luxembourg arising under the revised CSSF circular 06/273, are complied with.

The German and Luxembourgian rules are based on the EU directives 2006/48/EC and 2006/49/EC (commonly known as CRD) as revised in 2009 with effect as at 31 December 2010.

See also note 20 for an explanation of regulatory capital requirements.

Deutsche Börse Group carries out VaR calculations in order to detect credit concentration risks. In 2013, no significant credit concentrations were assessed.

The required economic capital for credit risk is calculated for each business day and amounted to €311 million as at 31 December 2013 (2012: €184 million). The increase is driven by two main factors; firstly, the required economic capital is now calculated as the undiversified sum of the required economic capital of the segments, companies and risk types, and secondly, the credit risk of Eurex Clearing AG increased due to the increase of its own contribution to the Default Fund ("skin in the game").

Market price risk

As part of the annual planning, the treasury policy of Deutsche Börse Group requires that any net earnings exposure from currencies be hedged through foreign exchange transactions, if the unhedged exposure exceeds 10 per cent of consolidated EBIT. Foreign exchange exposures below 10 per cent of consolidated EBIT may also be hedged.

During the year, actual foreign exchange exposure is monitored against the latest EBIT forecast. In case of an overstepping of the 10 per cent threshold, the exceeding amount must be hedged.

In addition, the policy stipulates that intraperiod open foreign exchange positions are closed when they exceed €15.0 million. This policy was complied with as in the previous year; as at 31 December 2013, there were no significant net foreign exchange positions.

36. Financial risk management (Continued)

Currency risks in the Group arise mainly from the operating results and balance sheet items of ISE, which are denominated in US dollars, plus that part of Clearstream's sales revenue and interest income less expenses which is directly or indirectly generated in US dollars. As at 31 December 2013, ISE accounted for 26 per cent of the Eurex segment's sales revenue (2012: 23 per cent). In addition, the Clearstream segment generated 9 per cent of its sales revenue and interest income (2012: 9 per cent) directly or indirectly in US dollars.

Acquisitions where payment of the purchase price results in currency risk are generally hedged.

The Group has partially hedged its investment in ISE against foreign currency risks by issuing fixed-income US dollar debt securities. The investment in ISE (hedged item) constitutes a net investment in a foreign operation. The US dollar securities designated as hedging instruments for the net investment hedge were issued in a nominal amount of US$460.0 million.

Interest rate risks arise further from debt financing of acquisitions. The acquisition of ISE was financed through senior and hybrid debt that matured or has been called in 2013.

To refinance 2013 debt maturities Deutsche Börse AG, in October 2012 and March 2013, successfully issued senior bonds in an amount of €600 million each.

Equity price risks arise from contractual trust arrangements (CTAs) and from the Clearstream Pension Fund in Luxembourg. In addition, there are equity price risks arising from strategic equity investments in other exchange operators.

Economic capital is calculated at the end of each month for market price risks that can arise in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates as well as through fluctuations of the asset value of the CTA and the Clearstream Pension Fund in Luxembourg. On 31 December 2013, the economic capital for market price risk was €77 million (2012: €1 million). The increase is mainy driven by two factors; firstly, the required economic capital is now calculated as the undiversified sum of the required economic capital of the segments, companies and risk types, and secondly, the market price risk increased because the CTAs and Clearstream Pension Fund in Luxembourg are now included in the calculation.

In financial year 2013, impairment losses amounting to €1.6 million (2012: €13.3 million) were recognised in profit and loss for strategic investments that are not included in the VaR for market price risk.

Liquidity risk

For the Group, liquidity risk may arise from potential difficulties in renewing maturing financing, such as commercial paper and bilateral and syndicated credit facilities. In addition, required financing for unexpected events may result in a liquidity risk. Most of the Group's cash investments are short-term to ensure that liquidity is available, should such a financing need arise. Eurex Clearing AG remains almost perfectly matched with respect to the durations of received customer cash margins and investments which in only limited amounts may have tenors of up to one month while the Clearstream subgroup may invest customer balances up to a maximum of one year under strict control of mismatch and interest rate limits (see note 31 for an overview of the maturity structure). Term investments can be transacted via reverse repurchase agreements against highly liquid collateral that can be deposited with the Luxembourg Central Bank and can be used as a liquidity buffer in case of need.

Contractually agreed credit lines

Company	Purpose of credit line		Currency	Amount as at 31 Dec 2013	Amount as at 31 Dec 2012
				m	m
Deutsche Börse AG	working capital(1)	—interday	€	605.0	605.0
Eurex Clearing AG	settlement	—interday	€	670.0	670.0
	settlement	—intraday	€	700.0	700.0
	settlement	—interday	CHF	200.0	200.0
Clearstream Banking S.A.	working capital(1)	—interday	€	750.0	750.0

(1) €400.0 million of Deutsche Börse AG's working capital credit lines is a sub-credit line of Clearstream Banking S.A.'s €750 million working capital credit line.

36. Financial risk management (Continued)

Clearstream Banking S.A. has a bank guarantee (letter of credit) in favour of Euroclear Bank S.A./N.V. issued by an international consortium to secure daily deliveries of securities between Euroclear Bank S.A./ N.V. and Clearstream Banking S.A.. This guarantee amounted to US$2.80 billion as at 31 December 2013 (2012: US$2.75 billion). Euroclear Bank S.A./N.V. has also issued a guarantee in favour of Clearstream Banking S.A. amounting to US$2.3 billion (2012: US$2.1 billion).

Furthermore, Eurex Clearing AG holds a credit facility of US$2.1 billion (2012: US$2.1 billion) granted by Euroclear Bank S.A./N.V. in order to increase the settlement efficiency.

A commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies. As at year-end, commercial paper with a nominal value of €100.0 million has been issued (2012: nil).

Clearstream Banking S.A. also has a commercial paper programme with a programme limit of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2013, commercial paper with a nominal value of €194.1 million had been issued (2012: €208.4 million).

The rating agencies Fitch and Standard & Poor's confirmed the existing credit ratings of the Group companies in the course of the financial year. The negative outlook, added to Deutsche Börse AG's rating in December 2012 by S&P, has been kept. On 1 February 2013, Fitch Ratings added a negative outlook to Clearstream Banking S.A.'s AA rating that has been removed in November 2013. For further details on the rating of Deutsche Börse Group, see the "Financial position" section in the combined management report.

As at 31 December 2013, Deutsche Börse AG was one of only two DAX-listed companies that had been given an AA rating by Standard & Poor's.

As at 31 December 2013, Deutsche Börse AG's commercial paper programme was awarded the best possible short-term rating of A-1+.

37. Financial liabilities and other risks

For the coming financial years, the Group's expenses in connection with long-term contracts relating to maintenance contracts and other contracts (without rental and lease agreements, see note 38) are presented in the following:

Breakdown of future financial obligations

	31 Dec 2013	31 Dec 2012
	€m	€m
Up to 1 year	51.7	49.9
1 to 5 years	74.8	63.4
More than 5 years	13.2	9.5
Total	**139.7**	**122.8**

Other litigation and liability risks

Contingent liabilities may result from present obligations and from possible obligations from events in the past. Deutsche Börse Group recognises provisions for the possible incurrence of losses only if there is a present obligation from an event in the past which is likely to cause an outflow of resources and if it is possible to reliably estimate the amount of such obligation (see also note 3). In order to determine for which proceedings the possibility of incurring a loss is more than unlikely as well as how the possible loss is estimated, Deutsche Börse Group takes into account a multitude of factors, including the nature of the claim and the facts on which it is based, the jurisdiction and course of the individual proceedings, the experience of Deutsche Börse Group, prior settlement talks (as far as have already taken place) as well as reports and evaluations of legal advisors. However, it is possible that a reliable estimate for a given proceedings could not be determined before the release of the consolidated financial statements, and that—as a result—no provisions are recognised.

37. Financial liabilities and other risks (Continued)

Eurex Clearing AG vs. Lehman Brothers Bankhaus AG

On 26 November 2012, the insolvency administrator of Lehman Brothers Bankhaus AG (LBB AG), Dr Michael C. Frege, brought an action against Eurex Clearing AG before the Frankfurt/Main Regional Court. On the basis of German insolvency law, Dr Frege is demanding from Eurex Clearing AG the repayment of €113.5 million and payment of another amount of around €1.0 million plus interest of 5 percentage points above the base rate accrued on the total amount since 13 November 2008. Eurex Clearing AG considers the claim unfounded and is defending itself against the insolvency administrator's action.

LBB AG had made payments in the amount of €113.5 million to Eurex Clearing AG in the morning of 15 September 2008. LBB AG was thereby effecting collateral payments (intraday margin payments) of Lehman Brothers International (Europe) (LBIE) from the underlying clearing relationship to Eurex Clearing AG by acting as correspondence bank for the former clearing member LBIE. On 15 September 2008,administration proceedings were opened in the United Kingdom with respect to LBIE, and Bundesagentur für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority) issued a moratorium with regard to LBB AG in the course of 15 September 2008. On 13 November 2008, insolvency proceedings were opened with regards to LBB AG.

Clearstream Banking S. A.—settlement with OFAC

The U.S. Treasury Department Office of Foreign Assets Control (OFAC) was investigating certain securities transfers in 2008 within Clearstream's settlement systems regarding US Iran sanctions regulations. These transfers implemented the decision taken by Clearstream in 2007 to close its Iranian customers' accounts. OFAC had been informed of the closing of the accounts in advance. On 9 January 2013, Deutsche Börse AG reported in an ad-hoc announcement that, following OFAC's proposal, Clearstream decided to enter into settlement talks with OFAC. In recent months, Clearstream has held substantive discussions with OFAC. On 23 January 2014, the matter was resolved through a settlement and payment of US$ 151.9 million. This settlement with OFAC does not constitute a final determination that a violation has occurred.

Peterson vs. Clearstream Banking S.A., Citibank NA et al. and Heiser vs. Clearstream Banking S.A.

In its corporate report 2012, Deutsche Börse Group informed about proceedings initiated by various plaintiffs seeking turnover of certain customer positions held in Clearstream Banking S.A.'s (Clearstream) securities omnibus account with its US depository bank, Citibank NA, and asserting direct claims against Clearstream for damages of US$250 million for purported wrongful conveyance of some of these positions.

In July 2013, the US court ordered turnover to plaintiffs, holding that the customer positions were owned by Bank Markazi. The decision did not address the direct claims against Clearstream. Bank Markazi and Clearstream appealed the turnover order.

The responsible bodies of Deutsche Börse AG and Clearstream approved the terms of a settlement agreement with the plaintiffs in this case on 9 September 2013. Pursuant to the settlement agreement, the direct claims against Clearstream were to be dismissed and ratifying plaintiffs agreed not to sue Clearstream for damages arising from specified acts that occurred prior to the effective date of the agreement.

In return, Clearstream agreed to withdraw its appeal from the turnover order. On 8 November 2013, the US trial court dismissed the direct claims against Clearstream and the settlement became effective. On 13 November 2013, the US appellate court accepted the withdrawal of Clearstream's appeal of the district court's turnover order in light of the settlement with plaintiffs. Bank Markazi's appeal continues without Clearstream's involvement.

If this turnover is ultimately affirmed by the US appeals court and the assets turned over, a related case, Heiser vs. Clearstream Banking S. A., also seeking turnover of the same assets, will be dismissed.

On 30 December 2013 US plaintiffs filed under seal a complaint targetingcertain assets of approximately US$ 1.6 billion claimed to be held for Bank Markazi, the Iranian Central Bank, by Clearstream in

37. Financial liabilities and other risks (Continued)

Luxembourg. The plaintiffs are judgement creditors of Iran and seek the turnover of these customer assets to satisfy their judgement.

CBOE vs. ISE

On 12 November 2012, the Chicago Board Options Exchange (CBOE) filed a patent infringement law suit against the International Securities Exchange (ISE) (the "CBOE Litigation"). In the CBOE Litigation, CBOE alleges US$525 million in damages for infringement of three patents, which relate to systems and methods for limiting market-maker risk. ISE believes that CBOE's damages claim lacks merit because it is unsupported by the facts and the law. ISE intends to vigorously defend itself in this lawsuit. Upon ISE's motion, the case was recently transferred to the competent courts of New York City. In Q4/2013, ISE filed a number of petitions in the U.S. Patent and Trademark Office (USPTO) seeking to invalidate the CBOE patents. As a result of the filing of those petitions, in December 2013, upon ISEs motion, CBOE's lawsuit was stayed (frozen) by the court, pending the outcome of the petitions filed in the USPTO to invalidate the patents.

In November 2006, ISE itself filed a patent infringement lawsuit against CBOE (the "ISE Litigation"). In the ISE Litigation, as of December 2012, ISE alleged US$475 million in damages for infringement of ISE's patent which relates to systems and methods for operating an automated exchange. The ISE Litigation was scheduled for trial in March 2013. However, in the course of the pre-trial motions, some of the decisions of the trial judge establishing ISE's burden of proof to succeed in trial, were extremely adverse to ISE. As a result, ISE believed that it could not prove its case of infringement, and therefore determined to move straight to an appeal of those rulings and forego a trial. On 12 April, ISE filed an appeal of the rulings with the Federal Circuit Court of Appeals. On 1 July 2013, ISE filed its brief on appeal. Oral argument was held on 9 January 2014, and a decision on the appeal will likely issue in H1/2014.

In addition to the matters described above and in prior disclosures, Deutsche Börse Group is from time to time involved in various legal proceedings that arise in the ordinary course of its business. Deutsche Börse Group recognises provisions for litigation and regulatory matters when it has a present obligation from an event in the past, an outflow of resources with economic benefit to settle the obligation is probable and it is possible to reliably estimate the amount. In such cases, there may be an exposure to loss in excess of the amounts accrued. When these conditions are not met, Deutsche Börse Group does not recognise a provision. As a litigation or regulatory matter develops, Deutsche Börse Group evaluates on an ongoing basis whether the requirements to recognise a provision are met. Deutsche Börse Group may not be able to predict what the eventual loss or range of loss related to such matters will be. Deutsche Börse Group does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its financial statements as a whole.

Tax risks

Due to its business activities in various countries, Deutsche Börse Group is exposed to tax risks. A process has been developed to recognise and evaluate these risks, which—in the first place—are recognised depending on the probability they will arise. In a second step, these risks are measured on the basis of their expected value. In case it is more probable than not that the risks will arise, a tax provision is recognised. Deutsche Börse Group continuously reviews if the preconditions for the recognition of corresponding tax provisions are met.

38. Leases

Finance leases

There were no minimum lease payments from finance leases for Deutsche Börse Group neither as at 31 December 2013 nor as at 31 December 2012.

38. Leases (Continued)

Operating leases (as lessee)

Deutsche Börse Group has entered into leases to be classified as operating leases due to their economic substance, meaning that the leased asset is allocated to the lessor. These leases relate mainly to buildings, IT hardware and software.

Minimum lease payments from operating leases

	31 Dec 2013	31 Dec 2012
	€m	€m
Up to 1 year(1)	61.0	68.8
1 to 5 years(1)	160.0	176.6
More than 5 years(1)	225.3	151.0
Total	**446.3**	**396.4**

(1) The expected payments in US dollars were translated into euros applying the closing rate of 31 December 2013.

In the year under review, €65.5 million (2012: €72.1 million) of minimum lease payments was recognised as an expense. No expenses were incurred for subleases or contingent rentals in the year under review.

Operating leases for buildings, some of which are subleased, have a maximum remaining term of 12 years. The lease contracts usually terminate automatically when the lease expires. The Group has options to extend some leases.

Rental income expected from sublease contracts

	31 Dec 2013	31 Dec 2012
	€m	€m
Up to 1 year	1.3	1.0
1 to 5 years	0.3	1.0
Total	**1.6**	**2.0**

39. Share-based payment

Stock Bonus Plan (SBP) and Stock Plan

In the year under review, the company established an additional tranche of the SBP. In order to participate in the SBP, a beneficiary must have earned a bonus. The number of stock options for senior executives is determined by the amount of the individual and performance-based SBP bonus for the financial year, divided by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the fourth quarter of the financial year in question. Neither the converted SBP bonus nor the stock options will be paid at the time the bonus is determined. Rather, the entitlement is generally received two or three years after having been granted (so-called "waiting period"). Within this period, beneficiaries cannot assert shareholder rights (in particular, the right to receive dividends and attend the Annual General Meeting). Once they have met the condition of service, the beneficiaries' claims resulting from the SBP are calculated on the first trading day following the last day of the waiting period. The current market price at that date (closing auction price of Deutsche Börse share in electronic trading on the Frankfurt Stock Exchange) is multiplied by the number of SBP shares.

Since 1 January 2010, a different method has been applied to calculate the number of stock options for Executive Board members which is described below.

To calculate the number of stock options for Executive Board members under the 2010 SBP tranche and all subsequent tranches, the Supervisory Board defines the 100 per cent stock bonus target in euros for each Executive Board member at the beginning of each financial year. Based on the 100 per cent stock bonus target defined by the Supervisory Board at the beginning of each financial year, the corresponding number of virtual shares for each Executive Board member is calculated by dividing the stock bonus target

39. Share-based payment (Continued)

by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the two calendar months preceding the month in which the Supervisory Board adopts the resolution on the stock bonus target. Any right to payment of a stock bonus vests only after a performance period of three years. The year in which the 100 per cent stock bonus target is defined is taken to be the first performance year.

The calculation of the subsequent payout amount of the stock bonus for the Executive Board depends on the development of two performance factors during the performance period: firstly, on the relative performance of the total shareholder return (TSR) on Deutsche Börse AG's shares compared with the total shareholder return of the STOXX Europe 600 Financials Index as the peer group, and secondly, on the performance of Deutsche Börse AG's share price. This is multiplied by the number of virtual shares at the end of the performance period to determine the stock bonus. The share price used to calculate the cash payment claims of Executive Board members from the stock bonus is calculated as the average price of Deutsche Börse AG's shares (Xetra closing price) in the two full calendar months preceding the end of the performance period.

On 20 April 2009, the Luxembourgian Commission de Surveillance du Secteur Financier (CSSF) published a circular on remuneration policies in the banking sector that addresses key aspects of remuneration practices for sustainable corporate governance and support their implementation in banking institutions' day-to-day operations. According to this circular, every banking institution is required to introduce a remuneration policy that is in harmony with its business strategy and corporate goals and values as well as the long-term interests of the financial enterprise, its customers and investors, and which minimises the institution's risk position. Clearstream companies in Luxembourg have therefore revised their remuneration system for executive boards in line with the circular, and introduced a so-called stock plan. The exercise process for this stock plan stipulates the allocation of a stock bonus at the end of each financial year, which will be paid in three tranches of equal size with maturities of one, two or three years after the grant date. Claims under the stock plan have to be cash-settled if the performance targets already agreed in the year in which the targets were specified are met, irrespective of any condition of service.

The number of stock options under the stock plan is determined by the amount of the individual, performance-based bonus established for each Executive Board member, divided by the average market price (Xetra closing price) for Deutsche Börse AG shares in the fourth quarter of the financial year in question. As the contracts require the stock bonus to be exercised gradually, it is divided into three separate tranches, which are measured according to their respective residual term using the corresponding parameters of the Stock Bonus Plan for senior executives.

In April 2012, Eurex Frankfurt AG introduced a special remuneration component for its Executive Board members in the form of a separate SBP tranche with a term of 21 months. This tranche matured in December 2013 and is cash-settled in January at a price of €59.77.

A new SBP programme was launched in April 2013 for members of the Executive Board of Eurex Clearing AG. This programme has a three-year waiting period from the grant date. This SBP tranche is measured using the same parameters as the Share Bonus Plan for senior executives.

For the stock bonus of senior executives under the 2011 to 2013 tranches, Deutsche Börse AG has an option whether to settle a beneficiary's claim in cash or shares. The company proposed to settle the 2011 tranche claims due in 2014 in cash. A cash settlement obligation exists for claims relating to the stock bonus of the Executive Board since the 2010 tranche and the stock plan for the executive board members of the Clearstream companies since the 2011 tranche.

39. Share-based payment (Continued)

In accordance with IFRS 2, the company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the stock options.

Valuation parameters for SBP shares

		Tranche 2013(1)	Tranche 2012(1)	Tranche 2011(1)
Term		31 Jan 2015–31 Jan 2017	31 Jan 2014–31 Jan 2016	31 Jan 2014–31 Jan 2015
Risk-free interest rate	%	0.13–0.44	0.11–0.24	0.11–0.13
Volatility of Deutsche Börse AG shares	%	20.28–28.33	20.28–23.87	20.28–22.81
Dividend yield	%	3.49	3.49	3.49
Exercise price	€	0	0	0

(1) The SBP 2011, 2012, and 2013 tranches also include SBP options of the Stock Plan for the executive board members of the Luxembourgian companies and SBP options for the Executive Board of Eurex Frankfurt AG and Eurex Clearing AG. These options are evaluated using different parameters.

The valuation model does not take into account exercise hurdles. The volatilities applied correspond to the market volatilities of comparable options with comparable maturities.

Valuation of SBP shares

	Balance as at 31 Dec 2013(1)	Deutsche Börse AG share price as at 31 Dec 2013	Intrinsic value/ option(2)	Fair value/ option(2)	Settlement obligation	Current provision as at 31 Dec 2013	Non-current provision as at 31 Dec 2013
	Number	€	€	€	€m	€m	€m
Tranche 2011	176,355	60.20	60.20	57.99–60.20	10.6	9.9	0.3
Tranche 2012	141,677	60.20	60.20	56.04–60.02	8.2	0.3	5.0
Tranche 2013	158,794(3)	60.20	60.20	54.15–57.99	8.9	0	2.7
Total	**476,826**				**27.7**	**10.2**	**8.0**

(1) As at 31 December 2013 the SBP shares of the executive board of Eurex Frankfurt AG were exercisable.

(2) As at the balance sheet date

(3) As the grant date for the 2013 tranche for senior executives is not until financial year 2014, the number indicated for the balance sheet date may change subsequently.

The stock options from the 2010 SBP were exercised in the year under review following expiration of the vesting period. The average exercise price for the 2010 tranche following expiration of the vesting period was €47.89. Shares of the SBP tranches 2011, 2012 and 2013 were paid to former employees as part of severance payments in the reporting year. The average exercise price amounted to €49.24 for the 2011 tranche, €47.93 for the 2012 tranche and €47.69 for the 2013 tranche. The average price for forfeited stock options amounted to €52.59 for the 2010 tranche, €49.30 for the 2011 tranche and €33.20 for the 2012 tranche.

The amount of provisions for the SBP results from the measurement of the number of SBP shares with the fair value of the closing auction price of Deutsche Börse shares in electronic trading at the Frankfurt Stock Exchange as at the balance sheet date and its proportionate recognition over the vesting period.

Provisions amounting to €18.2 million were recognised as at the balance sheet date of 31 Decem-ber 2013 (31 December 2012: €15.0 million). Thereof, €8.0 million are non-current (2012: €6.7 million). Of the total provisions of €18.2 million, €7.3 million were attributable to members of the Executive Board (2012: €5.9 million). The total cost of the SBP shares in the year under review was €13.2 million (2012: €8.7 million). Of that amount, an expense of €6.1 million was attributable to members of the Executive Board active at the balance sheet date (2012: €3.7 million). For the number of SBP shares granted to members of the Executive Board, please also refer to the remuneration report.

39. Share-based payment (Continued)

Change in number of SBP shares allocated

	Balance as at 31 Dec 2012	Additions Tranche 2010	Additions Tranche 2011	Additions Tranche 2012	Additions Tranche 2013	Fully settled cash options	Options forfeited	Balance as at 31 Dec 2013
To the Executive Board	205,721	1,071(1)	5,751(1)	6,931(1)	73,771	92,358	0	200,887
To other senior executives	280,079	1,999	2,290	39,009	87,272	115,098	19,612	275,939
Total	**485,800**	**3,070**	**8,041**	**45,940**	**161,043(2)**	**207,456**	**19,612**	**476,826**

(1) This relates to an increase in the number of SBP shares caused by an increase in the TSR compared to the 100 per cent value at the time the tranche was issued.

(2) As the grant date for the 2013 tranche for senior excecutives is not until financial year 2014, the number indicated as at the balanace sheet date may change subsequently.

Group Share Plan (GSP)

Employees of Deutsche Börse Group who are not members of the Executive Board or senior executives have the opportunity to subscribe for shares of Deutsche Börse AG at a discount of 30 or 40 per cent to the issue price under the Group Share Plan (GSP). This discount is based on the employee's length of service. Under the 2013 GSP tranche, eligible employees were able to buy up to 100 shares of the company. The purchased shares must be held for at least two years.

In the year under review, an expense totalling €1.3 million (2012: €0.6 million) was recognised in staff costs for the Group Share Plan.

40. Executive bodies

The members of the company's executive bodies are listed in the "Executive Board" chapters and "Supervisory Board" of this corporate report.

41. Corporate governance

On 9 December 2013, the Executive and Supervisory Boards issued the latest version of the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, the German Stock Corporation Act) and made it permanently available to shareholders on the company's website (see also chapter corporate governance declaration of this corporate report).

42. Related party disclosures

Related parties as defined by IAS 24 are members of the executive bodies of Deutsche Börse AG and the companies classified as associates of Deutsche Börse AG and other investors, and companies that are controlled or significantly influenced by members of the executive bodies.

The remuneration of the individual members of the Executive and Supervisory Boards is presented in the remuneration report. The remuneration report is a component of the combined management report.

Executive Board

In 2013, the fixed and variable remuneration of the members of the Executive Board, including non-cash benefits, amounted to a total of €13.3 million (2012: €14.3 million).

In 2013, no expenses for non-recurring termination benefits for Executive Board members (2012: nil) were recognised in the consolidated income statement.

The actuarial present value of the pension obligations to Executive Board members was €25.7 million at 31 December 2013 (2012: €31.7 million). Expenses of €2.6 million (2012: €1.4 million) were recognised as additions to pension provisions.

42. Related party disclosures (Continued)

Former members of the Executive Board or their surviving dependents

The remuneration paid to former members of the Executive Board or their surviving dependents amounted to €1.9 million in 2013 (2012: €1.6 million). The actuarial present value of the pension obligations was €54.0 million at 31 December 2013 (2012: €41.5 million).

Supervisory Board

The aggregate remuneration paid to members of the Supervisory Board in financial year 2013 was €2.2 million (2012: €2.1 million).

Other material transactions with related parties

The two following tables show the other material transactions with companies classified as related parties. All transactions were effected on an arm's length basis.

Material transactions with associates

	Amount of the transactions		Outstanding balances	
	2013	2012	31 Dec 2013	31 Dec 2012
	€m	€m	€m	€m
Loans from Börse Frankfurt Zertifikate Holding S.A. (until 12 Dec 2013 Scoach Holding S.A.) to Deutsche Börse AG as part of cash pooling(1)	0	0	n.a.	(13.1)
Loans from Börse Frankfurt Zertifikate AG (until 1 Nov 2013 Scoach Europa AG) to Deutsche Börse AG as part of cash pooling(1)	0	0	n.a.	(0.1)
Services of Deutsche Börse AG for Börse Frankfurt Zertifikate AG (until 1 Nov 2013 Scoach Europa AG)(1)	2.5	6.0	n.a.	0.4
Loans from Deutsche Börse AG to Indexium AG(2)	0.2	0.2	0	0
Loans from Deutsche Börse AG to Digital Vega FX Ltd.	0	0	0.3	0.1
Operation of trading and clearing software by Deutsche Börse AG for European Energy Exchange AG and affiliates	9.7	9.7	2.4	0.7
IT services and provision of infrastructure by International Securities Exchange, LLC for Direct Edge Holdings, LLC(3)	0.5	0.8	0	0.6
Development and operation of the Link Up Converter system by Clearstream Services S.A. for Link-Up Capital Markets, S.L.(4)	1.2	1.6	0.1	0.2
Material transactions within the framework of gold under custody between Clearstream Banking AG and Deutsche Börse Commodities GmbH	(4.0)	(5.1)	(0.3)	(0.4)
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for Deutsche Börse AG by Indexium AG	(2.7)(5)	(1.2)	(0.4)(5)	(2.5)
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for STOXX Ltd. by Indexium AG	(4.3)(6)	(1.4)	(0.9)(6)	(1.6)
Operation and development of Xontro by Deutsche Börse AG for BrainTrade Gesellschaft für Börsensysteme mbH(7)	1.9	2.4	0.4	0
Operation of the floor trading system by BrainTrade Gesellschaft für Börsensysteme mbH for Deutsche Börse AG(7)	(1.7)	2.4	0	0
Other transactions with associates	—	—	0	(0.1)

(1) Börse Frankfurt Zertifikate AG and Börse Frankfurt Zertifikate Holding S.A. have been included in full in Deutsche Börse AG's consolidated financial statements since 1 July 2013.

(2) Outstanding balance after impairment losses of €5.5 million on the loan granted to Indexium AG by Deutsche Börse AG

(3) Direct Edge Holdings, LLC has been classified as an associate since the restoration of significant influence on 9 February 2012.

(4) Shares in Link-Up Capital Markets, S.L. were sold effective 5 December 2013

(5) Thereof provisions for development costs amounting to €0.4 million

42. Related party disclosures (Continued)

(6) Thereof provisions for development costs amounting to €0.4 million

(7) Associate since 1 July 2013; since then, the company, with which a business relationship already existed in financial year 2012, has not been included under other related parties.

Material transactions with other related parties

	Amount of the transactions		Outstanding balances	
	2013	2012	31 Dec 2013	31 Dec 2012
	€m	€m	€m	€m
Office and administrative services by SIX Group AG for STOXX Ltd.(1)	n.a.	2.2	n.a.	n.a.
Office and administrative services by SIX Swiss Exchange AG for Eurex Zürich AG(1)	n.a.	(2.3)	n.a.	n.a.
Office and administrative services by SIX Swiss Exchange AG for Eurex Frankfurt AG(1)	n.a.	(2.0)	n.a.	n.a.

(1) On 30 April 2012, SIX Group AG sold its remaining shares in Eurex Zürich AG to Deutsche Börse AG. Since then, SIX Group AG and its affiliates have not been considered as related parties within the meaning of IAS 24.

Transactions with key management personnel

Key management personnel are persons who directly or indirectly have authority and responsibility for planning, directing and controlling the activities of Deutsche Börse Group. The Group defines the members of the Executive Board and the Supervisory Board as key management personnel for the purposes of IAS 24.

As part of its normal business activities, Deutsche Börse AG maintains in the year under review relations with certain entities whose key management personnel are, at the same time, members of Deutsche Börse AG's Supervisory Board. Deutsche Börse AG had entered into agreements to source advisory services with Mayer Brown LLP, Washington, Richard Berliand Limited, Ashtead, Surrey, and Cohesive Flexible Technologies Corporation, Chicago. Significant elements of these contracts included strategies relating to Deutsche Börse AG's competitive positioning on the market as well as advisory services in connection with major strategic projects. The contracts with Richard Berliand Limited, Cohesive Flexible Technologies Corporation, and Mayer Brown LLP expired effective 30 June 2013, 3 September 2013, and 31 August 2013 respectively. Deutsche Börse Group made total payments of €0.3 million to the above-mentioned companies for advisory services in the financial year ended 31 December 2013 (2012: €1.1 million, including payments to Deutsche Bank AG, which is no longer classified as a related party in accordance with IAS 24 since the retirement of its former executive board member Hermann-Josef Lamberti from Deutsche Börse AG's Supervisory Board effective 16 May 2012).

In financial year 2013, the employee representatives on Deutsche Börse AG's Supervisory Board received salaries (excluding Supervisory Board remuneration) amounting to €0.7 million (2012: €0.7 million). The total consists of the respective total gross amounts for those employee representatives who drew salaries from Deutsche Börse AG in the year under review.

43. Shareholders

Section 160 (1) no. 8 of the Aktiengesetz (AktG, German Stock Corporation Act) requires disclosure of the existence of long-term investments that have been notified to the entity in accordance with section 21 (1) or section 21 (1a) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act). The following table provides an overview of the disclosable investments as at 4 March 2014 that had been notified to the company. The information was taken in all cases from the most recent notifications provided by disclosers to the company. All notifications provided by the company concerning disclosure of investments in the year under review and thereafter until 4 March 2014 are accessible on www.deutsche-boerse.com/ir_news. Please note that the information with regard to the percentages and voting rights held under these long-term investments may no longer be up-to-date.

The company received the following notifications pursuant to section 21 of the WpHG:

Discloser	Domicile and country in which the domicile or place of residence of the discloser is located	Date investment reached, exceeded or fell below threshold	Over-/ understepping (+/−)	Reporting threshold	Attribution in accordance with sections 22, 25 and 25a of the WpHG	Investment (%)	Investment (voting rights)
Deutsche Börse AG	Frankfurt/Main, Germany	17 Feb 2012	+	3.00%	n.a.	4.94%	9,533,068
BlackRock Advisors Holdings, Inc.	New York, USA	1 Dec 2009	+	3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.35%	6,526,163
BlackRock Financial Management, Inc.	New York, USA	14 Apr 2011	+	5.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	5.04%	9,821,174
Black Rock Group Limited	London, United Kingdom	7 Dec 2012	+	3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.00%	5,790,525
BlackRock Holdco 2, Inc.	Delaware, USA	14 Apr 2011	+	5.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	5.04%	9,821,174
BlackRock, Inc.	New York, USA	12 Apr 2011	+	5.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	5.01%	9,773,982
BlackRock International Holdings, Inc.	New York, USA	2 Aug 2012	+	3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.58%	6,981,055
BR Jersey International Holdings, L.P.	St. Helier, Jersey, Channel Islands	8 Feb 2012	+	3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.58%	6,981,055
Capital Research and Management Company	Los Angeles, USA	30 Jul 2013	+	3.00%	section 22 (1) sentence 1 no. 6 of the WpHG	3.02%	5,833,924
Commerzbank Aktiengesellschaft	Frankfurt/Main, Germany	23 May 2013	—	5.00%		0.67%	1,289,167
					sections 21, 22 of the WpHG	0.03%	50,367
					section 25a of the WpHG	0.64%	1,238,800
Credit Suisse AG	Zurich, Switzerland	23 May 2012	—	5.00%		1.34%	2,587,486
					sections 21, 22 of the WpHG	1.28%	2,476,223
					section 25 of the WpHG	0.04%	71,843
					section 25a of the WpHG	0.02%	39,420
Credit Suisse Group AG	Zurich, Switzerland	23 May 2012	—	5.00%		1.34%	2,587,486
					sections 21, 22 of the WpHG	1.28%	2,476,223
					section 25 of the WpHG	0.04%	71,843
					section 25a of the WpHG	0.02%	39,420
Credit Suisse Investment Holdings UK	London, United Kingdom	23 May 2012	—	5.00%	sections 21, 22 of the WpHG	1.28%	2,471,378
Credit Suisse Investments UK	London, United Kingdom	23 May 2012	—	5.00%	sections 21, 22 of the WpHG	1.28%	2,471,378
Credit Suisse Securities (Europe) Limited	London, United Kingdom	23 May 2012	—	5.00%	sections 21, 22 of the WpHG	1.28%	2,471,378
DekaBank Deutsche Girozentrale	Frankfurt/Main, Germany	21 May 2013	—	5.00%	sections 21 (1) of the WpHG	0.00%	0
Franklin Mutual Advisers, LLC	Wilmington, USA	19 Dec 2013	—	3.00%	sections 22 (1) sentence 1 no. 6 of the WpHG	2.90%	5,598,961
Invesco Limited	Hamilton, Bermuda	3 June 2013	+	3.00%	sections 22 (1) sentence 1 no. 6 in conjunction with sentence 2 of the WpHG	3.08%	5,952,862
H M Treasury	London, United Kingdom	17 May 2013	—	3.00%	sections 22 (1) sentence 1 no. 1 of the WpHG	2.34%	4,513,257
Morgan Stanley	Wilmington, USA	21 May 2013	—	5.00%		4.11%	7,926,928
					sections 21, 22 of the WpHG	0.23%	448,039
					section 25 of the WpHG	0.25%	489,195
					section 25a of the WpHG	3.62%	6,989,694
Morgan Stanley International Holdings Inc	Wilmington, USA	21 May 2013	—	5.00%		4.01%	7,734,733
					sections 21, 22 of the WpHG	0.21%	403,568
					section 25 of the WpHG	0.18%	341,471
					section 25a of the WpHG	3.62%	6,989,694
Morgan Stanley International Limited	London, United Kingdom	21 May 2013	—	5.00%		3.70%	7,138,902
					sections 21, 22 of the WpHG	0.21%	403,568
					section 25a of the WpHG	3.49%	6,735,334

43. Shareholders (Continued)

Discloser	Domicile and country in which the domicile or place of residence of the discloser is located	Date investment reached, exceeded or fell below threshold	Over-/ understepping (+/−)	Reporting threshold	Attribution in accordance with sections 22, 25 and 25a of the WpHG	Investment (%)	Investment (voting rights)
Morgan Stanley Group Europe	London, United Kingdom	21 May 2013	—	5.00%		3.70%	7,138,902
					sections 21, 22 of the WpHG	0.21%	403,568
					section 25a of the WpHG	3.49%	6,735,334
Morgan Stanley UK Group . .	London, United Kingdom	21 May 2013	—	5.00%		3.70%	7,138,902
					sections 21, 22 of the WpHG	0.21%	403,568
					section 25a of the WpHG	3.49%	6,735,334
Morgan Stanley & Co International Plc	London, United Kingdom	21 May 2013	—	5.00%		3.70%	7,138,902
					sections 21, 22 of the WpHG	0.21%	403,568
					section 25a of the WpHG	3.49%	6,735,334
The Royal Bank of Scotland plc	Edinburgh, United Kingdom	17 May 2013	—	3.00%	section 21 (1) of the WpHG	2.34%	4,513,257
The Royal Bank of Scotland Group plc	Edinburgh, United Kingdom	17 May 2013	—	3.00%	section 22 (1) sentence 1 no. 1 of the WpHG	2.34%	4,513,257
The Capital Group Companies	Los Angeles, USA	30 July 2013	+	3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 and sentence 3 of the WpHG	3.12%	6,026,923
UBS AG	Zurich, Switzerland	21 May 2013	—	5.00%		3.73%	7,197,301
					sections 21, 22 of the WpHG	1.34%	2,579,961
					section 25 of the WpHG	1.82%	3,518,462
					section 25a of the WpHG	0.57%	1,098,878
Warburg Invest Kapitalanlagegesellschaft . .	Hamburg, Germany	21 May 2012	—	3.00%	sections 21, 22 of the WpHG	1.61%	3,108,037

44. Employees

Employees

	2013	2012
Average number of employees during the year	3,751	3,654
Employed as at the balance sheet date	3,811	3,704
Employees (average annual FTEs)	3,515	3,416

Of the average number of employees during the year, 19 (2012: 19) were classified as Managing Directors (excluding Executive Board members), 354 (2012: 355) as senior executives and 3,378 (2012: 3,280) as employees. Since 2013, the members of the Executive Boards of Eurex Clearing AG and of the Clearstream subgroup have been classified as Managing Directors. The figures for 2012 have been adjusted accordingly.

There was an average of 3,515 full-time equivalent (FTE) employees during the year (2012: 3,416). Please refer also to the "Employees" section in the combined management report.

45. Events after the balance sheet date

There have been no material events after the balance sheet date.

46. Date of approval for publication

Deutsche Börse AG's Executive Board approved the consolidated financial statements for submission to the Supervisory Board on 5 March 2014. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether it endorses them.

Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, 5 March 2014
Deutsche Börse AG

Reto Francioni	Andreas Preuss	Gregor Pottmeyer
Hauke Stars	Jeffrey Tessler	

Auditor's report

We have audited the consolidated financial statements prepared by Deutsche Börse Aktiengesellschaft, Frankfurt/Main, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report for the business year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. [paragraph] 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 5 March 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Braun	Dielehner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

ANNEX 6—LSEG PLC HISTORICAL FINANCIAL INFORMATION

This Annex 6 contains the following historical financial information relating to LSEG plc:

Audited consolidated financial statements of LSEG for the year ended 31 December 2015 and auditor's report thereon

Independent Auditor's Report to the members of London Stock Exchange Group plc

Our opinion on the financial statements

In our opinion:

- London Stock Exchange Group plc's Group financial statements and Parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation

What we have audited

London Stock Exchange Group plc's financial statements comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2015	Balance sheet as at 31 December 2015
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Cash flow statement for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 35 to the financial statements
Consolidated cash flow statement for the year then ended	
Related notes 1 to 35 to the financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Overview of our audit approach

Risks of material misstatement	• Risk that goodwill and purchased intangible assets may be impaired
	• Risk of fraud in recognition of revenue in:
	  • secondary capital markets trading
	  • new or updated post-trade clearing arrangements including fee-sharing arrangements
	  • information services audit revenue accruals
	• In executing our audit response to the above risks of material misstatement we also considered the risk of fraud in relation to management override of controls particularly post close adjustments and significant areas of accounting estimate

Audit scope	• We performed an audit of the complete financial information of 6 components and audit procedures on specific balances for a further 18 components • The components where we performed full or specific audit procedures accounted for more than 90% of Group pre-tax profit, revenue and total assets
Materiality	• Overall Group materiality is £18.3 million which represents 5% of pre-tax profit from continuing operations calculated by including the impact of the amortisation of purchased intangible assets, but excluding other non-recurring items

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

RISK	OUR RESPONSE TO THE RISK	WHAT WE CONCLUDED TO THE AUDIT COMMITTEE
Risk that goodwill and purchased intangible assets may be impaired Balance of £3.5 billion, prior period comparative £4.3 billion The Group holds significant intangible assets on its balance sheet, including goodwill, customer relationships, brands, software licenses, and intellectual property. On an annual basis, management are required to perform an impairment assessment for goodwill, and to assess for indicators of impairment in respect of purchased intangible assets. Where indicators of impairment of purchased intangible assets are identified, a full impairment assessment is performed. These assessments involve significant management judgment in the application of valuation models and assumptions. As a consequence, there is a greater risk of misstatement in these balances, either by fraud or error, including through the potential override of controls by management. Please refer to the Audit Committee Report (page 66); Accounting policies (page 105); and Note 14 of the Consolidated Financial Statements (pages 122–124). The risk has neither increased or decreased in the current year.	**Audit procedures over the risk that goodwill may be impaired** We performed a walkthrough of the impairment assessment process and assessed the design effectiveness of key controls. We examined the cash flow forecasts which support management's goodwill impairment review and tested compliance with the requirements of IAS 36 'Impairment of Assets'. We assessed the reasonableness of those forecasts and the evidence supporting the underlying assumptions, by comparing to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations. We tested the discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, broader market considerations as well as economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit, and engaged EY valuation experts to support us in performing our analysis. During the course of our work, we tested and applied reasonable alternative assumptions in the application of the valuation methodologies, to challenge management's approach, and to test for impairment of the goodwill balance. We also performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the goodwill at the balance sheet date. **Audit procedures over the risk that other intangible assets may be impaired** We performed a walkthrough of the impairment assessment process and assessed the design effectiveness of key controls. We tested management's assessment as to whether indicators of impairment exist, by reference to factors specific to each class of assets (no such indicators were identified). Examples included customer retention rates within specific business lines and the current returns made on intellectual property. We also assessed the appropriateness of the amortisation period, and compared management's forecasts against historic data, to understand whether the periods remained appropriate. We performed full and specific scope audit procedures over this risk area in 5 components, which covered 98% of the risk amount.	**Audit procedures over the risk that goodwill may be impaired** Our application of sensitivity analysis over significant inputs to the impairment assessment did not lead us to conclude that goodwill was materially impaired as at 31 December 2015. **Audit procedures over the risk that purchased intangible assets may be impaired** Our procedures did not identify any additional factors that would lead to the need to perform a full impairment assessment, or a revision of the amortisation periods applied. We concluded that the carrying value of purchased intangible assets is materially correct as at 31 December 2015.

RISK	OUR RESPONSE TO THE RISK	WHAT WE CONCLUDED TO THE AUDIT COMMITTEE
Risk of fraud in recognition of revenue in secondary capital markets trading, fees or revenue shares for clearing arrangements, and information services audit revenue accruals Balance of £1.24 billion, prior period comparative £0.83 billion Compensation tied to the performance of the entity may create an incentive for management to manipulate results. We have identified 3 revenue streams as having heightened risk of misstatement. They were selected for the following reasons: • Secondary capital markets revenue involves complex pricing structures based on product types, customer activity and volumes. This complexity leads to a heightened risk that revenue may not be recognised appropriately, either as a result of fraud or error • Contracts relating to new or revised clearing agreements, including revenue sharing between LCH.Clearnet and third-party participants, in some cases involve complex calculations to determine the correct level of revenue to recognise within the Group • Information services audit accruals involve judgment as to when and how much revenue should be accrued, and there were errors identified in the prior period audit in this area Please refer to the Audit Committee Report (page 66); Accounting policies (page 104); and Note 4 of the Consolidated Financial Statements (pages 113–114). The risk has neither increased or decreased in the current year.	**Audit procedures over revenue in secondary capital markets trading** We performed a walkthrough of the secondary capital markets trading process and assessed the design effectiveness of key controls. We increased our standard sample size for transactional testing by at least 3 times, to respond to this risk of fraud. We agreed a random selection of transactions back to supporting audit evidence, such as receipt of cash and invoices; where appropriate, we also recalculated the fee charged. For secondary capital market trades in London, we also used analytical tools to identify outliers in high volumes of transactional data for focused follow-up testing. This analysis included comparing the fee per transaction to volume (notional) traded and investigating any particularly high values which were outliers to the overall population. We also performed cut-off testing to obtain evidence that revenue is recognised in the correct period. **Audit procedures over new/revised (including revenue sharing) clearing arrangements** We performed a walkthrough of the fee and revenue shares clearing arrangement process, and performed testing of the operating effectiveness of key controls. We critically assessed the accounting treatment adopted by management, and performed testing to gain assurance that revenue recognised in the period in respect of all new/updated clearing agreements had been accounted for in accordance with the terms of the contractual terms and in compliance with IFRS. We performed sample testing of contracts along with a random selection of other contracts across revenue streams. **Audit procedures over information services audit revenue accruals** We performed a walkthrough of the information services audit revenue accruals process and assessed the design effectiveness of key controls. We selected a sample of audit accruals using a lower testing threshold as compared to normal revenue transaction testing, and obtained supporting evidence, including customer input/consent, for accrued amounts. We performed full and specific scope audit procedures over this risk area in 10 components, which covered 99% of the risk amount.	**Conclusion** We concluded that the revenue in secondary capital markets trading, fees or revenue shares for clearing arrangements, and information services audit revenue accruals for the year ended 31 December 2015 are materially correct.

In the prior period, our Auditor's Report included a risk of material misstatement in relation to the accounting for the acquisition of Frank Russell Company. This risk has been removed as the acquisition occurred in the prior period.

The scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal Audit findings when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to make sure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 24 components. Of the 24 components selected, we performed an audit of the complete financial information of 6 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 18 components ("specific scope components"), we performed audit procedures on specific accounts within each component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

Scope	Procedures performed by	Number of components
Full	Primary team	3
Full	Component teams	3
Specific	Primary team	17
Specific	Component teams	1
	Total	24

Details of the 4 components which were audited by component teams are set out below:

Component	Location	Scope	Auditor
LCH.Clearnet Group Limited	United Kingdom and France	Full	EY
LSEG US Holdco Inc.	United States of America	Full	Non-EY(1)
Millennium Information Technologies (Private) Limited	Sri Lanka	Specific	EY
London Stock Exchange Group Holdings Italy S.p.A.	Italy	Full	EY

(1) Some specific accounts within LSEG US Holdco Inc. were audited by the EY primary auditor.

Components subject to a full scope audit account for over 90% of the Group's revenue, profit before tax and profit before tax before and after the reversal of the transaction costs noted above (2014: over 90%).

The remaining 32 components together represent 1% of the Group's pre-tax profit from continuing operations calculated by including the impact of the amortisation of purchased intangible assets, but excluding other non-recurring items. For these components, we performed other procedures, including analytical review and testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

There are no changes in full scope components from the prior period. Specific scope components have been re-assessed as the contribution of such components to the Group consolidated accounts varies each year.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors operating under our instruction.

For the 3 full-scope and 1 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to make sure that the Senior Statutory Auditor visits the principal locations of the Group. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in:

- Italy (LSEG Holdings Italy S.p.A.)
- Sri Lanka (Millennium Information Technologies (Private) Limited)
- United States of America (LSEG US Holdco, Inc)

These visits involved discussing the audit approach with the component team and any issues arising from their work, as well as meeting with local management. In addition, we participated in planning and closing meetings and reviewed selected audit working papers. The primary team interacted regularly with the component teams where appropriate during various stages of the audit and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

- We determined materiality for the Group to be £18.4 million (2014: £12 million), which is 5% (2014: 5%) of pre-tax profit from continuing operations calculated by including the impact of the amortisation of purchased intangible assets, but excluding other non-recurring items. Our reference to continuing operations only meant that the results of the Russell Investment Management business which is held for sale at year end and that of the Proquote business which was sold during the year, were not included
- We consider the basis of our materiality to be one of the principal considerations for shareholders of the Company in assessing the financial performance of the Group. It is linked to the key earnings measures discussed when the Group presents the financial results; in addition to non-recurring expenses, the Group also excludes amortisation and impairment of purchased intangibles and goodwill to present adjusted operating profit (these amounts are not excluded from our materiality calculation)

This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. Our evaluation of materiality requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition.

STARTING BASIS	• £336.1 million • Profit before taxes from continuing operations
ADJUSTMENTS	• £30.7 million • Non-recurring items, mostly related to the acquisition, integration and restructuring of Frank Russell Company
MATERIALITY	• Total of £366.8 million • Materiality of £18.3 million (5% of materaility basis)

During the course of our audit, we reassessed initial materiality and made adjustments based on the final financial performance of the Group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2014: 50%) of our planning materiality, namely £9.2 million (2014: £6 million). We have set performance materiality at this percentage (which is the lowest in the range) due to misstatements which were identified in the prior period audit. In the prior period, performance materiality was also set at 50% of planning materiality, due to it being our initial audit of the Group.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component.

In the current year, the range of performance materiality allocated to components was as follows:

London Stock Exchange Group plc	£1.0m
London Stock Exchange plc	£5.6m
LSEG US Holdco, Inc	£4.7m
London Stock Exchange Group Holdings Italy S.p.A.	£5.1m
LCH.Clearnet Group Ltd	£3.1m
FTSE International Ltd	£4.6m
All specific scope components	£1.0m

Reporting threshold

An amount below which identified misstatements are considered to be clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.5 million (2014: £0.5 million), which is less than the usual 5% of planning materiality at the request of the Audit Committee, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 91, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the Annual Report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	We are required to report to you if, in our opinion: • adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or • the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the Directors' statement in relation to going concern, set out on page 91, and longer-term viability, set out on page 90	We have no exceptions to report.

- the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity • the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated • the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements • the Directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions	We have nothing material to add or to draw attention to.

Ernst & Young LLP

David Canning-Jones (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
4 March 2016

Notes:

(1) The maintenance and integrity of the London Stock Exchange Group plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(2) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

Year ended 31 December 2015	Notes	Year ended 31 December 2015 Before acquisition amortisation and non-recurring items	Year ended 31 December 2015 Acquisition amortisation and non-recurring items	Year ended 31 December 2015 Total	Period ended 31 December 2014 Before acquisition amortisation and non-recurring items	Period ended 31 December 2014 Acquisition amortisation and non-recurring items	Period ended 31 December 2014 Total
		£m	£m	£m	£m Re-presented[(1)(2)]	£m Re-presented[(1)]	£m Re-presented[(1)(2)]
Continuing operations							
Revenue	4	**1,324.7**	**—**	**1,324.7**	884.7	—	884.7
Net treasury income through CCP business	4	**85.7**	**—**	**85.7**	69.1	—	69.1
Other income	4	**8.2**	**—**	**8.2**	3.5	—	3.5
Total income		**1,418.6**	**—**	**1,418.6**	957.3	—	957.3
Cost of sales	4	**(125.5)**	**—**	**(125.5)**	(69.4)	—	(69.4)
Gross profit		**1,293.1**	**—**	**1,293.1**	887.9	—	887.9
Expenses							
Operating expenses	5, 7	**(708.4)**	**(180.8)**	**(889.2)**	(482.4)	(150.3)	(632.7)
Impairment of purchased intangibles and goodwill	5, 7	**—**	**—**	**—**	—	(22.0)	(22.0)
Gain on disposal of assets held for sale	5, 7	**—**	**0.5**	**0.5**	—	—	—
Operating profit/(loss)	7	**584.7**	**(180.3)**	**404.4**	405.5	(172.3)	233.2
Finance income		**2.9**	**—**	**2.9**	2.2	—	2.2
Finance expense		**(71.2)**	**—**	**(71.2)**	(51.5)	(1.8)	(53.3)
Net finance expense	8	**(68.3)**	**—**	**(68.3)**	(49.3)	(1.8)	(51.1)
Profit/(loss) before tax from continuing operations		**516.4**	**(180.3)**	**336.1**	356.2	(174.1)	182.1
Taxation	9	**(124.1)**	**76.0**	**(48.1)**	(91.1)	40.0	(51.1)
Profit/(loss) for the year/period from continuing operations		**392.3**	**(104.3)**	**288.0**	265.1	(134.1)	131.0
Discontinued operations							
Profit/(loss) after tax for the year/period from discontinued operations	10	**90.8**	**(21.7)**	**69.1**	8.8	(2.4)	6.4
Profit/(loss) for the year/period		**483.1**	**(126.0)**	**357.1**	273.9	(136.5)	137.4
Equity holders							
Profit/(loss) for the year/period from continuing operations		**358.7**	**(99.1)**	**259.6**	236.9	(120.3)	116.6
Profit/(loss) for the year/period from discontinued operations	10	**90.4**	**(21.7)**	**68.7**	8.8	(2.4)	6.4
Profit/(loss) for the year/period attributable to equity holders		**449.1**	**(120.8)**	**328.3**	245.7	(122.7)	123.0
Non-controlling interests							
Profit/(loss) for the year/period attributable to non-controlling interests from continuing operations		**33.6**	**(5.2)**	**28.4**	28.2	(13.8)	14.4
Profit for the year/period attributable to non-controlling interests from discontinued operations	10	**0.4**	**—**	**0.4**	—	—	—
Profit/(loss) for the year/period attributable to non-controlling interests		**34.0**	**(5.2)**	**28.8**	28.2	(13.8)	14.4
		483.1	**(126.0)**	**357.1**	273.9	(136.5)	137.4
Earnings per share attributable to equity holders							
Basic earnings per share	11			**94.6p**			37.9p
Diluted earnings per share	11			**93.2p**			37.4p
Adjusted basic earnings per share	11			**129.4p**			75.6p
Adjusted diluted earnings per share	11			**127.6p**			74.7p
Earnings per share for continuing operations attributable to equity holders							
Basic earnings per share	11			**74.8p**			35.9p
Diluted earnings per share	11			**73.7p**			35.5p
Adjusted basic earnings per share	11			**103.4p**			72.9p
Adjusted diluted earnings per share	11			**101.9p**			72.0p
Dividend per share in respect of the financial year/period:							
Dividend per share paid during the year/period	12			**10.8p**			20.7p
Dividend per share declared for the year/period	12			**25.2p**			9.7p

(1) Comparative amounts have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

(2) Comparative amounts have been re-presented to reflect the presentation of cost of sales and gross profit in the financial statements which resulted in £69.4 million of costs being re-presented from operating expenses to cost of sales.

The notes on pages 103–149 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Year ended 31 December 2015	Notes	Year ended 31 December 2015	Period ended 31 December 2014
		£m	£m
Profit for the financial year/period		**357.1**	137.4
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss			
Defined benefit pension scheme remeasurement gain/(loss)	18	**7.8**	(5.6)
		7.8	(5.6)
Items that may be subsequently reclassified to profit or loss			
Net investment hedge		**27.6**	23.9
Change in value of available for sale financial assets		**3.7**	(2.8)
Exchange loss on translation of foreign operations		**(62.6)**	(104.6)
Tax related to items not recognised in income statement	9	**(2.8)**	(11.3)
		(34.1)	(94.8)
Other comprehensive loss net of tax		**(26.3)**	(100.4)
Total comprehensive income for the financial year/period		**330.8**	37.0
Attributable to non-controlling interests		**16.8**	(12.7)
Attributable to equity holders		**314.0**	49.7
Total comprehensive income for the financial year/period		**330.8**	37.0

The notes on pages 103–149 form an integral part of these consolidated financial statements.

Balance sheets

At 31 December 2015	Notes	Group 2015	Group 2014	Company 2015	Company 2014
		£m	£m (revised)(1)	£m	£m
Assets					
Non-current assets					
Property, plant and equipment	13	93.9	115.6	—	—
Intangible assets	14	3,704.2	4,484.7	—	—
Investment in associates	15	0.3	12.1	—	—
Investment in subsidiary undertakings	16	—	—	4,896.8	4,889.1
Deferred tax assets	17	34.6	76.5	—	—
Derivative financial instruments	20	22.4	22.7	22.4	22.7
Available for sale investments	20	61.0	4.8	—	—
Retirement benefit asset	18	25.2	16.0	—	—
Other non-current assets	20	46.0	64.8	—	—
		3,987.6	4,797.2	4,919.2	4,911.8
Current assets					
Inventories		3.7	6.6	—	—
Trade and other receivables	19	331.3	580.2	550.2	654.4
Derivative financial instruments	20	25.5	0.4	25.1	—
CCP financial assets		428,244.3	429,952.8	—	—
CCP cash and cash equivalents (restricted)		28,444.2	21,493.0	—	—
CCP clearing business assets	20	456,688.5	451,445.8	—	—
Current tax		7.2	24.3	—	—
Assets held at fair value	20	9.9	12.4	—	—
Cash and cash equivalents	22	923.9	1,127.2	0.9	0.2
		457,990.0	453,196.9	576.2	654.6
Assets held for sale	10	1,273.6	5.3	—	—
Total assets		463,251.2	457,999.4	5,495.4	5,566.4
Liabilities					
Current liabilities					
Trade and other payables	23	452.4	727.4	201.9	195.0
CCP clearing business liabilities	20	456,663.3	451,467.5	—	—
Current tax		3.5	51.6	—	6.4
Borrowings	24	930.2	789.9	338.6	127.0
Provisions	27	1.5	0.9	—	—
		458,050.9	453,037.3	540.5	328.4
Liabilities directly associated with assets held for sale	10	539.0	—	13.4	—
Non-current liabilities					
Borrowings	24	678.7	936.5	546.5	796.7
Other non-current payables	20, 23	43.5	73.3	—	—
Deferred income		2.2	4.9	—	—
Deferred tax liabilities	17	625.6	861.3	—	—
Retirement benefit obligations	18	40.6	39.8	—	—
Other non-current liabilities	20	65.3	77.5	—	—
Provisions	27	9.3	13.5	—	—
		1,465.2	2,006.8	546.5	796.7
Total liabilities		460,055.1	455,044.1	1,100.4	1,125.1
Net assets		3,196.1	2,955.3	4,395.0	4,441.3
Equity					
Capital and reserves attributable to the Company's equity holders					
Ordinary share capital	26	24.0	23.9	24.0	23.9
Share premium	26	960.0	957.7	960.0	957.7
Retained earnings		255.3	20.0	1,592.5	1,641.2
Other reserves		1,504.6	1,524.9	1,818.5	1,818.5
Total shareholders' funds		2,743.9	2,526.5	4,395.0	4,441.3
Non-controlling interests		452.2	428.8	—	—
Total equity		3,196.1	2,955.3	4,395.0	4,441.3

(1) The 31 December 2014 comparatives have been revised for IFRS 3 fair value adjustments on the acquisition of Frank Russell Company and Bonds.com.

The financial statements on pages 98–149 were approved by the Board on 3 March 2016 and signed on its behalf by:

Xavier Rolet
Chief Executive

David Warren
Chief Financial Officer

4 March 2016
London Stock Exchange Group plc. Registered number 5369106

The notes on pages 103–149 form an integral part of these consolidated financial statements.

Cash flow statements

Year ended 31 December 2015	Notes	Group Year ended 31 December 2015	Group Period ended 31 December 2014	Company Year ended 31 December 2015	Company Period ended 31 December 2014
		£m	£m	£m	£m
Cash flow from operating activities					
Cash generated from operations	28	**734.1**	413.4	**118.2**	30.5
Interest received		**1.8**	3.1	**—**	17.6
Interest paid		**(65.2)**	(61.1)	**(51.5)**	(51.9)
Corporation tax paid		**(172.3)**	(65.6)	**—**	—
Withholding tax paid		**(0.5)**	(1.9)	**—**	—
Net cash inflow/(outflow) from operating activities		**497.9**	287.9	**66.7**	(3.8)
Cash flow from investing activities					
Purchase of property, plant and equipment		**(30.1)**	(16.1)	**—**	—
Purchase of intangible assets		**(87.2)**	(43.1)	**—**	—
Disposal proceeds from sale of property, plant and equipment classified as held for sale	7	**5.8**	—	**—**	—
Investment in other acquisition		**(1.5)**	(1.3)	**—**	—
Investment in subsidiaries		**—**	—	**—**	(1,026.1)
Acquisition of businesses	30	**(2.9)**	(1,687.3)	**—**	—
Net cash inflow from acquisitions		**0.2**	290.8	**—**	—
Dividends received		**8.2**	0.7	**125.2**	156.0
Proceeds from sale of investment in a subsidiary	10	**21.8**	—	**—**	—
Net cash outflow from disposal of subsidiaries		**(0.3)**	—	**—**	—
Net cash (outflow)/inflow from investing activities		**(86.0)**	(1,456.3)	**125.2**	(870.1)
Cash flow from financing activities					
Capital raise		**—**	962.7	**—**	962.7
Dividends paid to shareholders	12	**(115.5)**	(56.2)	**(115.5)**	(56.2)
Dividends paid to non-controlling interests		**(7.2)**	(4.9)	**—**	—
Capital contributions in relation to non-controlling interests		**12.7**	1.3	**—**	—
Loans to subsidiary companies		**—**	—	**(39.4)**	(133.4)
Purchase of own shares by ESOP Trust		**—**	(0.5)	**—**	—
Proceeds from own shares on exercise of employee share options		**2.4**	—	**2.4**	—
Investment in available for sale financial assets		**(63.7)**	—	**—**	—
Proceeds from finance lease		**—**	1.8	**—**	—
Repayments of finance lease		**(6.8)**	(1.2)	**—**	—
Proceeds from borrowings		**—**	519.9	**—**	101.0
Repayments of borrowings		**(143.5)**	—	**(38.7)**	—
Net cash (outflow)/inflow from financing activities		**(321.6)**	1,422.9	**(191.2)**	874.1
Increase in cash and cash equivalents		**90.3**	254.5	**0.7**	0.2
Cash and cash equivalents at beginning of year/period		**1,127.2**	919.2	**0.2**	—
Exchange loss on cash and cash equivalents		**(41.1)**	(46.5)	**—**	—
Cash and cash equivalents at end of year/period		**1,176.4**	1,127.2	**0.9**	0.2
Cash and cash equivalents at end of year/period from continuing operations	20	**923.9**	1,127.2	**0.9**	0.2
Cash and cash equivalents at end of year/period from discontinued operations	10	**252.5**	—	**—**	—
Cash and cash equivalents at end of year/period		**1,176.4**	1,127.2	**0.9**	0.2

Group cash flow does not include cash and cash equivalents held by the Group's Post Trade operations on behalf of its clearing members for use in its operation as manager of the clearing and guarantee system. These balances represent margins and default funds held for counterparties for short periods in connection with this operation. Interest on CCP balances are received net of withholding tax, which is deducted at source. This withholding tax is effectively a cash outflow for the Group, and is shown separately in the cash flow statement.

The notes on pages 103–149 form an integral part of these consolidated financial statements.

Statements of changes in equity

Year ended 31 December 2015 Group	Notes	Attributable to equity holders: Ordinary share capital	Share premium	Retained earnings/ (losses)	Other reserves	Total attributable to equity holders	Non-controlling interests	Total equity
		£m	£m	£m	£m	£m	£m	£m
31 March 2014		**18.8**	**—**	**(46.2)**	**1,592.4**	**1,565.0**	**438.0**	**2,003.0**
Profit for the period		—	—	123.0	—	123.0	14.4	**137.4**
Other comprehensive income for the period		—	—	(5.8)	(67.5)	(73.3)	(27.1)	**(100.4)**
Issue of shares	26	0.1	—	—	—	0.1	—	**0.1**
Rights Issue	26	5.0	957.7	—	—	962.7	—	**962.7**
Final dividend relating to the year ended 31 March 2014	12	—	—	(56.2)	—	(56.2)	—	**(56.2)**
Dividend payments to non-controlling interests		—	—	—	—	—	(4.9)	**(4.9)**
Employee share scheme expenses		—	—	5.2	—	5.2	—	**5.2**
Purchase of non-controlling interest within acquired subsidiary		—	—	—	—	—	8.4	**8.4**
31 December 2014		**23.9**	**957.7**	**20.0**	**1,524.9**	**2,526.5**	**428.8**	**2,955.3**
Profit for the year		**—**	**—**	**328.3**	**—**	**328.3**	**28.8**	**357.1**
Other comprehensive income/(loss) for the year		**—**	**—**	**6.0**	**(20.3)**	**(14.3)**	**(12.0)**	**(26.3)**
Issue of shares	26	**0.1**	**2.3**	**—**	**—**	**2.4**	**—**	**2.4**
Interim dividend relating to the period ended 31 December 2014	12	**—**	**—**	**(33.6)**	**—**	**(33.6)**	**—**	**(33.6)**
Final dividend relating to the period ended 31 December 2014	12	**—**	**—**	**(44.4)**	**—**	**(44.4)**	**—**	**(44.4)**
Interim dividend relating to the year ended 31 December 2015	12	**—**	**—**	**(37.5)**	**—**	**(37.5)**	**—**	**(37.5)**
Dividend payments to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**(7.2)**	**(7.2)**
Employee share scheme expenses, net of tax		**—**	**—**	**16.5**	**—**	**16.5**	**—**	**16.5**
Capital contributions in relation to non-controlling interest		**—**	**—**	**—**	**—**	**—**	**13.8**	**13.8**
31 December 2015		**24.0**	**960.0**	**255.3**	**1,504.6**	**2,743.9**	**452.2**	**3,196.1**

Shares held in the Employee Benefit Trust to settle exercises on employee share awards were 462,378 (31 December 2014 595,179).

Other reserves comprise the following:

Merger reserve of £1,304.3 million (31 December 2014: £1,304.3 million), a distributable reserve arising on consolidation when the Company issued shares as part of the consideration to acquire subsidiary undertakings.

Capital redemption reserve of £514.2 million (31 December 2014: £514.2 million), a non-distributable reserve set up as a result of a court approved capital reduction.

Reverse acquisition reserve of £(512.5) million (31 December 2014: £(512.5) million), a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme.

Foreign exchange translation reserve of £184.3 million (31 December 2014: £232.5 million), a non-distributable reserve reflecting the impact of foreign currency changes on the translation of foreign operations.

Hedging reserve of £143 million (31 December 2014: £(13.6) million), a non-distributable reserve representing the cumulative fair value adjustment recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

The notes on pages 103–149 form an integral part of these consolidated financial statements.

Statements of changes in equity (Continued)

Company	Notes	Ordinary share capital	Share premium	Retained earnings	Capital redemption reserve	Merger reserve	Total attributable to equity holders
		Attributable to equity holders			Other reserves		
		£m	£m	£m	£m	£m	£m
31 March 2014		**18.8**	**—**	**1,531.6**	**514.2**	**1,304.3**	**3,368.9**
Profit for the period		—	—	159.7	—	—	**159.7**
Issue of shares	26	0.1	—	—	—	—	**0.1**
Rights issue	26	5.0	957.7	—	—	—	**962.7**
Final dividend relating to the year ended 31 March 2014	12	—	—	(56.2)	—	—	**(56.2)**
Employee share scheme expenses		—	—	6.1	—	—	**6.1**
31 December 2014		**23.9**	**957.7**	**1,641.2**	**514.2**	**1,304.3**	**4,441.3**
Profit for the year		**—**	**—**	**54.1**	**—**	**—**	**54.1**
Issue of shares	26	**0.1**	**2.3**	**—**	**—**	**—**	**2.4**
Interim dividend relating to the period ended 31 December 2014	12	**—**	**—**	**(33.6)**	**—**	**—**	**(33.6)**
Final dividend relating to the period ended 31 December 2014	12	**—**	**—**	**(44.4)**	**—**	**—**	**(44.4)**
Interim dividend relating to the year ended 31 December 2015	12	**—**	**—**	**(37.5)**	**—**	**—**	**(37.5)**
Employee share scheme expenses, net of tax		**—**	**—**	**12.7**	**—**	**—**	**12.7**
31 December 2015		**24.0**	**960.0**	**1,592.5**	**514.2**	**1,304.3**	**4,395.0**

The notes on pages 103–149 form an integral part of these financial statements.

Notes to the financial statements

1. Basis of preparation and accounting policies

The Company's and Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value and on the basis of the Group's accounting policies.

The Group uses a columnar format for the presentation of its consolidated income statement. This enables the Group to aid the reader's understanding of its results by presenting profit for the year before amortisation of purchased intangible assets and non-recurring items. This is the profit measure used to calculate adjusted earnings per share and is considered to be the most appropriate as it best reflects the Group's underlying, recurring cash earnings and is the primary measure of performance monitored by the Group's Executive Committee. Profit before acquisition amortisation and non-recurring items is reconciled to profit before taxation on the face of the income statement.

Amounts in the income statement for the 9 month period ended 31 December 2014 have been re-presented to reflect the inclusion of 2 additional performance measures, being cost of sales and gross profit, on the face of the income statement. This resulted in £69.4 million of costs from continuing operations being re-presented from operating expenses into cost of sales. The change in presentation is to further assist users in understanding the financial performance of the Group and does not impact previously reported profit before tax or profit after tax for the period.

The comparative income statement for the 9 month period ended 31 December 2014 has also been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations. Further details are provided in Note 10.

In the prior year, the Group changed its financial year end to 31 December. As a consequence, the financial statements show results for the year to 31 December 2015, with the comparatives for the 9 months to 31 December 2014.

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries with all inter-company balances and transactions eliminated, together with the Group's attributable share of the results of associates. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's income for the year is disclosed within the statement of changes in equity.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Upon completion of the Group's fair value exercise, comparatives are revised up to 12 months after the acquisition date, for the final fair value adjustments. Further details are provided in Note 30. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

The Group applies a policy of treating transactions with non-controlling interests through the economic entity model. Transactions with non-controlling interests are recognised in equity. Where the non-controlling interest has an option to dispose of their holding to the Group, then these costs are recognised at the fair value of the option at the balance sheet date.

1. Basis of preparation and accounting policies (Continued)

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale and:

a) represents a separate major line of business or geographical area of operations

b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations

c) is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Comparatives are also re-presented to reclassify disposed businesses or held for sale businesses as discontinued operations.

Investments in subsidiaries shares, loans and other contributions are recognised at cost. These are reviewed for impairment when events indicate the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less accumulated impairment losses.

Recent accounting developments

There were no standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) and IFRIC, effective as of 1 January 2015 that have been newly adopted in these financial statements.

The following standards and interpretations were issued by the IASB and IFRIC, but have not been adopted either because they were not endorsed by the EU at 31 December 2015 or they are not yet mandatory and the Group has not chosen to early adopt. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review:

International accounting standards and interpretations	Effective date
Amendments to IFRS 11, 'Joint arrangements' on accounting for acquisitions of interest in joint operations	1 January 2016
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27, 'Separate financial statements' on equity method in separate financial statements	1 January 2016
Annual Improvements 2012–2014	1 January 2016
Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12, 'Disclosure of interests in other entities' and IAS 28, Associates and joint ventures' on applying the consolidated exception for investment entities	1 January 2016
Proposed amendments to IAS 1, 'Presentation of financial statements' disclosure initiative	1 January 2016
IFRS 14, 'Regulatory deferral accounts'	1 January 2016
IFRS 9 'Financial instruments' on classification and measurement and amendments regarding general hedge accounting	1 January 2018
IFRS 15 'Revenue from contracts with customers'	1 January 2018
IFRS 16 'Leases'	1 January 2019

1. Basis of preparation and accounting policies (Continued)

Accounting policies

Income Statement

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Revenue is recognised in the period when the service or supply is provided. The sources of revenue are:

a) Maintenance contracts, membership and other fees—revenue is recognised on a straight-line basis over the period to which the fee relates

b) Admission fees—revenue is recognised at the time of admission to trading

c) Clearing fee income and rebates, together with other fee income and net settlement fees, are recognised on a transaction by transaction basis in accordance with the Group's fee scales

d) Royalties—revenue is recognised at the date at which they are earned or measurable with certainty

e) IT products—where there is no significant service obligation the revenue is recognised upon delivery and acceptance of the software or hardware by the customer, in other circumstances revenue is recognised on provision of contracted services

f) IT solutions—where software is sold requiring significant modification, integration or customisation, the consideration is allocated between the different elements on a fair value basis. Revenue is recognised using a percentage of completion method. The stage of completion is determined by reference to the costs incurred to date as a proportion of the total estimated costs or the services performed to date as a percentage of total services to be performed. Provision is made for all foreseeable future losses in the period in which they are identified

g) Software and Licence fees—revenue is recognised when the performance under the contract has occurred and the revenue has been earned

h) Other—all other revenue is recognised in the month in which the service is provided. The Borsa Italiana Group defers some of the income received from cash trading and FTSE MIB futures trading and clearing. This deferral results in revenues being recognised at the average price of transactions forecast for the full year, as pricing levels reduce during the year when incremental volume targets are achieved

The main source of revenue is through fees.

Cost of sales

Cost of sales comprises data and licence fees, data feed costs, expenses incurred in respect of revenue share arrangements and costs incurred in the MillenniumIT business that are directly attributable to the construction and delivery of customers' goods or services, and any other costs linked and directly incurred to generate revenues and provide services to customers.

Non-recurring items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as non-recurring items on the face of the income statement within their relevant category. The separate reporting of these items together with amortisation of purchased intangible assets helps give an indication of the Group's underlying performance.

Pension costs

The Group operates defined benefit and defined contribution pension schemes. For the defined benefit schemes the service cost, representing benefits accruing to employees, is included as an operating expense.

1. Basis of preparation and accounting policies (Continued)

The interest cost and expected return on plan assets is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions or differences between actual and expected returns on assets are recognised at each period end net of tax in the statement of comprehensive income. The net asset or liability recognised on the balance sheet comprises the difference between the present value of pension obligations and the fair value of scheme assets. For defined contribution schemes, the expense is charged to the income statement as incurred.

Share based compensation

The Group operates a number of equity settled share based compensation plans for employees. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant and recognised over the relevant vesting period.

Foreign currencies

The consolidated financial statements are presented in sterling, which is the Company's presentation and functional currency. Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of their fair value gain or loss. Exceptions to this are where the non-monetary items form part of the net investment in a foreign operation or are designated as hedges of a net investment, or as cash flow hedges. Such exchange differences are initially recognised in equity.

The results and financial position of all Group entities that have a functional currency different from the presentation currency are converted into the presentation currency as follows:

a) assets and liabilities including goodwill, purchased intangible assets and fair value adjustments are converted at the closing balance sheet rate

b) income and expenses are translated and recorded in the income statement at the average monthly rates prevailing

c) all resulting exchange differences are recognised as a separate component of equity

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowing and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Finance income and expense

Finance income and expense comprises interest earned on cash deposited with financial counterparties and interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the financial period, and calculated using the effective interest rate method.

Recurring fees and charges levied on committed bank facilities and the payments and cash management transactions and services provided by the Group's banks are charged to the income statement as accrued. Credit facility arrangement fees are capitalised and then amortised back to the income statement over the term of the facility subject to protected utilisation. Fees and charges are included within other finance costs.

Fair value gains and losses on financial instruments include the movement in the market valuations of derivative instruments held as fair value hedges.

1. Basis of preparation and accounting policies (Continued)

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are included in the financial statements at cost less accumulated depreciation and any provision for impairment.

Freehold buildings, fixed plant and plant and equipment are stated at cost and are depreciated to residual value on a straight line basis over the estimated useful economic lives of the assets which are as follows:

a) Freehold buildings—30 to 50 years

b) Fixed plant—3 to 20 years

c) Plant and equipment—3 to 15 years

Leasehold properties and improvements are included at cost and depreciated to residual value over the shorter of the period of the lease or the useful economic life of the asset.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis. Lease incentives are spread over the term of the lease.

The Group leases certain plant and equipment where the Group has substantially all the risks and rewards of ownership. These are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the liability so as to achieve a constant rate on the finance balance outstanding. Plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Intangible assets

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences and software intellectual property, all of which are recorded as intangible assets and held at cost less accumulated amortisation. These assets are amortised on a straight line basis over their useful economic lives which are as follows:

a) Customer and supplier relationships—2 to 25 years (material assets are amortised over a life exceeding 15 years)

b) Brands—10 to 25 years (material assets are amortised over a life of 25 years)

c) Software licenses and intellectual property—2 to 25 years (the majority of material assets are amortised over a life not exceeding 5 years)

1. Basis of preparation and accounting policies (Continued)

The useful economic lives are based on management's best estimates such as attrition rates on customer relationships, product upgrade cycles for software and technology assets, market participant perspective for brands and pace of change of regulation for business.

Third party software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful economic lives of 3 to 5 years.

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are recorded at cost including labour, directly attributable costs and any third party expenses, and amortised over their useful economic lives of 3 to 5 years.

Intangible assets are assessed for any indicators of impairment at each balance sheet date. Where indicators of impairment for a particular intangible asset are identified, a full impairment assessment is performed, with any diminution in value recognised in the income statement. When performing any impairment assessment, in addition to considering matters particular to the relevant Group business area, management evaluates the overall value of the asset from the perspective of a market participant. Accordingly, any reduction in value recorded represents the Group's view of the market fair value of the intangible asset.

Current and non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for trade or consumption in, the course of the Group's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within 1 year from the reporting date. All other liabilities are classified as non-current liabilities.

Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Full provision is made, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is determined using tax rates that are substantially enacted at the balance sheet date and are expected to apply when the asset is realised or liability settled. Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

Financial assets and liabilities

Financial assets (excluding clearing business)

The Group classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification of the Group's financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

   Financial assets at fair value through profit or loss include financial assets held for liquidity purposes, they are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the income statement. These assets are financial instruments not designated as hedges.

1. Basis of preparation and accounting policies (Continued)

b) Available-for-sale financial assets

Investments (other than term deposits and interests in joint ventures, associates and subsidiaries) are designated as available-for-sale and are recorded on trade date at fair value plus transaction costs with changes in fair value recognised in equity. Cumulative fair value gains or losses on an asset are recycled through the income statement when the asset is disposed or impaired. Where the fair value is not reliably measurable, the investment is held at cost less any provision for impairment. Assets such as shares in clearing and payment transmission operations and long-term equity investments that do not qualify as associates or joint ventures are usually classified as available-for-sale.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Financial assets are derecognised when the right to receive cash-flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Financial liabilities

Financial liabilities are classified at initial recognition as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost. Financial liabilities at fair value through profit and loss include CCP financial liabilities (see below) and other non-current liabilities. Financial liabilities at amortised cost include trade and other payables, borrowings and provisions.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest rate method, with gains and losses recognised in finance income and expenses respectively. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial assets and liabilities of the central counterparty (CCP) business

Assets and liabilities of the CCP clearing service relate to subsidiaries that perform the CCP clearing business. The activities include clearing of financial derivatives, equities and bond transactions on regulated markets. The Group enters into a contractual arrangement in respect of each side of the transaction, bears the risk associated with counterparties failing to honour their obligations and, in the event of a failure to deliver by any counterparty, is required itself to complete the delivery. Accordingly, the Group must record an asset and a liability on its balance sheet in respect of each of the sale and purchase sides of each transaction. However, except in respect of failed transactions the Group as a CCP clearer does not bear any price risk and the value of the sale and purchase side of each transaction are the same; consequently, the principal CCP asset and liability amounts largely match each other. The Group has adopted the settlement date as the reference date for recognising financial assets.

Income recognised through the CCP clearing business includes net treasury income earned on margin and default funds, held as part of our Risk Management process, and is shown separately from the Group revenues. Net treasury income is the result of interest earned on cash assets lodged with the clearing house, less interest paid to the members on their initial margin and default fund contributions. Net treasury income has been shown separately on the face of the income statement to distinguish this income stream from revenues arising from the Group's other activities and provides the reader with a greater understanding of the operating activities of the Group. Where negative interest rates apply, the Group recognises interest paid on cash assets as a net treasury expense and interest received on clearing member's margin as net treasury income.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1. Basis of preparation and accounting policies (Continued)

Accounting treatments of CCP financial assets and liabilities include the following:

a) Derivatives, trading assets and liabilities

These transactions are initially recorded at fair value, and are subsequently re-measured on the basis of the market price of each derivative instrument at the period end. Since the asset and liability positions of the CCP clearer are matched, the same amount is recorded for both the assets and liabilities and no net fair value gains or losses are recognised in the income statement.

b) Receivables for and liabilities under repurchase transactions

These represent repurchase transactions (repos) by clearing members using the Group's clearing and guarantee service. They represent the value of transactions already settled spot and not yet settled at term. These transactions are initially recognised at fair value and are subsequently measured at amortised cost, by allocating the yield on the repo pro-rated over the duration of the contract (the coupon accrued in the period and the difference between the spot and forward prices). Since the asset and liability positions for repos are matched, the same amount is recorded for both assets and liabilities and no gain or loss is recorded in the income statement.

c) Other receivables from and payables to clearing members and default funds

These comprise accounts receivable and payable deriving from the activities of clearing members in derivatives, equities and bond transactions. They mainly represent amounts to be received or paid in relation to initial and variation margins, option premiums, securities as collateral and default fund contributions and are initially recorded at fair value. They are generally settled on the next day and, accordingly, are not discounted back to current value. Default funds absorb any losses incurred by the Group in the event of clearing members default where margin collateral is insufficient to cover the management and close out of the positions of the defaulting members.

d) Financial assets and liabilities at fair value

These represent quoted equity and bond securities which have already withdrawn from the settlement system but have not yet delivered to the intermediaries who have bought them and securities traded but not yet settled as part of the CCP function. These are initially recognised at fair value and subsequently re-measured at fair value, based on the market price of each security. The difference between the settlement price of each security at trade date and the market price of that security at the period end is recognised as a fair value gain or loss in the income statement.

e) Held to maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Group has the intention and ability to hold to maturity. After initial measurement held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate less impairment. The amortisation of any premium or discount is included in interest income.

f) Cash and cash equivalents (restricted)

These include amounts received from clearing members to cover initial and variation margins and default fund contributions as collateral against default or insolvency and are deposited with banks. Such amounts are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest method.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument, and if so the nature of the item being hedged.

1. Basis of preparation and accounting policies (Continued)

The Group applies fair value hedge accounting for hedging interest rate risk on borrowings. Any gain or loss is recognised in the income statement within finance expenses.

The Group designates as cash flow hedges both foreign currency derivatives and hedges of interest rate movements associated with highly probable forecast transactions. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity.

The Group hedges a proportion of its net investment in its Italian companies by designating euro borrowings as a net investment hedge.

In order to qualify for hedge accounting, a transaction must meet strict criteria as regards documentation, effectiveness, probability of occurrence and reliability of measurement. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its Risk Management objectives and strategy for undertaking various hedging transactions. Effectiveness testing is conducted at each reporting date and at the commencement and conclusion of any hedge in order to verify that the hedge continues to satisfy all the criteria for hedge accounting to be maintained. The ineffective portion is recognised in the income statement within finance costs.

Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Put options written on non-controlling interests

Commitments to purchase minority interests and put options granted to minority shareholders are recognised at fair value as a financial liability. When the financial liability is recognised initially, the redemption amount is reclassified from equity. The changes in the measurement of the financial liability are recognised in the income statement. Changes in the measurement of that financial liability do not change the relative interests in the subsidiary that are held by the parent and the non-controlling-interest shareholder and therefore are not equity transactions.

Trade receivables

Trade receivables are non-interest bearing and are stated at their fair value, which is usually the original invoiced amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or will be subject to a financial reorganisation or default on, or be delinquent on, its payment obligations are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short-term deposits and investments in money market funds and other instruments and structures that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Assets and liabilities held for sale

Assets and liabilities are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1. Basis of preparation and accounting policies (Continued)

Borrowings

Borrowings are initially recorded at the fair value of amounts received, net of direct issue costs and transaction costs (including upfront facility fees). Subsequently, these liabilities are carried at amortised cost, and interest is charged to the income statement over the period of the borrowings using the effective interest rate method. Similarly direct issue costs and transaction costs (including upfront facility fees) are charged to the income statement over the period of the borrowings using the effective interest rate method.

Preference shares

Preference shares or components of preference shares are classified on initial recognition as a financial liability or equity based on the terms of the contract. They are classified as a financial liability if the terms impose a contractual obligation to deliver cash.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision shall be the present value of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, i.e. the present value of the amount that the Group would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

Property provisions are made in the financial statements at the lower of the cost of fulfilling lease commitments for property space surplus to business requirements after taking into account income from sub-letting, and any compensation or penalties arising from failure to fulfil the lease commitments.

All provisions are discounted where the time value of money is considered material.

Equity and related items

Share capital

The Company's own shares held by the Employee Benefit Trust are deducted from equity until they vest unconditionally for employees and are held at cost. Consideration paid in respect of these treasury shares is deducted from equity until the shares are cancelled, reissued or disposed of.

Dividend distributions

Dividend distributions to the Company's equity holders are recognised as a liability in the Group financial statements in the period in which the dividends are approved by the Company's shareholders.

2. Financial Risk Management

The Group seeks to protect its financial performance and the value of its business from exposure to capital, credit, concentration, country, liquidity and market (including foreign exchange, fair value and cash flow, interest rate and other price) risks.

Financial Risk Management is not speculative. It is performed both at a Group level, where the treasury function identifies, evaluates and hedges financial risks from a Group perspective and also locally, where operating units manage their regulatory and operational risks. This includes clearing operations at the Group's CCPs (at LCH.Clearnet Group and CC&G) and investment management activities at the Frank Russell Company that adhere to local regulation and operate under locally approved risk and investment policies.

2. Financial Risk Management (Continued)

The Group Chief Risk Officer's team provides assurance that the Group's Risk Management, governance and internal control processes are operating effectively. The Financial Risk Committee, a sub-committee of the Group Executive Committee and chaired by the Chief Financial Officer, meets monthly to oversee the consolidated financial risks of the Group. In addition, the Treasury Committee, a sub-committee of the Financial Risk Committee (which is also chaired by the Chief Financial Officer), meets regularly to monitor the management of and controls around foreign exchange, interest rates, credit and concentration risks and the investment of excess liquidity in addition to its oversight of the Group's funding arrangements. Both committees provide the Group's senior management with assurance that the treasury and risk operations are performed in accordance with Group Board approved policies and procedures. Regular updates, on a range of key criteria as well as new developments, are provided through the Enterprise Risk Management Framework to the Group Risk Committee. See Risk Management oversight, pages 44–45, for further detail on the Group's risk framework.

Capital risk

Risk description	Risk management approach
The Group is profitable and strongly cash generative and its capital base comprises equity and debt capital. However, the Group recognises the risk that its entities may not maintain sufficient capital to meet their obligations or they may make investments that fail to generate a positive or value enhancing return. The Group comprises regulated and unregulated entities. It considers that: • increases in the capital requirements of its regulated companies; or • negative yields on its investments of cash; or • a scarcity of debt or equity (driven by its own performance or financial market conditions) either separately or in combination are the principal risks to managing its capital.	The Group focuses upon its overall cost of capital as it seeks, within the scope of its risk appetite, to provide superior returns to its shareholders, fulfil its obligations to the relevant regulatory authorities and other stakeholders and ensure that it is not overly dependent upon short and medium term debt that might not be available at renewal. Maintaining the flexibility to invest for growth is a key capital management consideration. As at 31 December 2015, the book value of the Group's consolidated equity before non-controlling interests was £2,743.9 million (31 December 2014: £2,526.5 million) and the book value of its consolidated debt was £1,608.9 million (31 December 2014: £1,726.4 million). The Group can manage its capital structure and react to changes in economic conditions by varying returns to shareholders, issuing new shares or increasing or reducing borrowings. The Board reviews dividend policy and funding capacity on a regular basis and the Group maintains comfortable levels of debt facility headroom. Whilst the Company is unregulated, the regulated entities within the Group continuously monitor compliance with the capital requirements set by their respective competent authorities and the terms of reference of the Financial Risk Committee includes oversight of the Group's Capital Management Policy. The Capital Management Policy seeks to ensure that compliance with local regulations is maintained and that there is a robust evaluation, undertaken by the Group's Investment Committee, of the impact of new investments, across the Group, on its capital position. Regulated entities within the Group have to date predominantly issued equity and hold cash to satisfy their local regulatory capital requirements. At 31 December 2015, £952.8 million was held to meet regulatory and operational requirements across these entities. This amount has remained relatively stable through the year and includes cash, cash equivalents and liquid investments classified as financial assets held at fair value and comprises the Frank Russell Company's cash and cash equivalents held to meet the regulatory requirements of its investment management business, the LCH.Clearnet Group's regulated cash and cash equivalents, and

2. Financial Risk Management (Continued)

Risk description	Risk management approach
	the £200.0 million generally set aside by other Group operations. £719.1 million of this amount has been included in cash and cash equivalents from continuing operations (31 December 2014: £1,011.3 million). We believe that amounts held by Group companies are sufficient to comfortably support current regulatory frameworks. The level of amounts set aside by the Group for these purposes remains subject to on-going review with regulators, particularly in Europe and the USA. To maintain the financial strength to access new capital at reasonable cost and sustain an investment grade credit rating, the Group monitors its net leverage ratio which is operating net debt (i.e. net debt after excluding cash and cash equivalents set aside for regulatory and operational purposes) to adjusted EBITDA (Group consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation and non-recurring items) against a target range of 1–2 times. The Group is also mindful of potential impacts on the key metrics employed by the credit rating agencies in considering increases to its borrowings. As at 31 December 2015, net leverage had reduced back to 1.7 times (31 December 2014: 2.1 times), and is within the Group's target range. The Group is comfortably in compliance with its bank facility ratio covenants (net leverage and debt service) and these measures do not inhibit the Group's operations or its financing plans.

Credit and concentration risk

Risk description	Risk management approach
The Group's credit risk relates to its customers and counterparties being unable to meet their obligations to the Group either in part or in full, including: • customer receivables • repayment of invested cash and cash equivalents • settlement of derivative financial instruments	**Group** Credit risk is controlled through policies developed at a Group level. Group companies make a judgement on the credit quality of their customers based upon the customer's financial position, the recurring nature of billing and collection arrangements and, historically, a low incidence of default. Furthermore, the Group is exposed to a large number of customers and so concentration risk on its receivables is deemed by management as low.
In their roles as central counterparty (CCP) clearers to financial market participants, the Group's CCPs guarantee final settlement of transactions acting as buyer towards each seller and as seller towards each buyer. They manage substantial credit risks as part of their operations including unmatched risk positions that might arise from the default of a party	**Non-CCP entities** Credit risk of cash and cash equivalents is managed by limiting exposure to counterparties with credit rating levels below policy minimum thresholds, potentially overlaid by a default probability assessment. Except where specific approval is arranged to increase this limit for certain counterparties, a maximum of £50.0 million may be invested for up to 12 months with counterparties rated long term AAA (or equivalent), through to a maximum £25 million overnight with counterparties

2. Financial Risk Management (Continued)

Risk description	Risk management approach
to a cleared transaction. For more information see Principal risks and uncertainties, pages 46–53.	rated short term A-2 (or equivalent). Derivative transactions and other treasury receivable structures are undertaken or agreed with well capitalised counterparties and are authorised by policy, to limit the credit risk underlying these transactions.
Notwithstanding regulations in Europe and the US that require CCPs to invest predominantly in secured instruments or structures (such as government bonds and reverse repos), CC&G and the LCH.Clearnet Group CCPs continue to be able to maintain up to 5% of their total deposits at commercial banks on an unsecured basis. Through this potential for its CCPs to invest on an unsecured basis (as well as by certain other regulated and unregulated operations observing agreed investment policy limits), the Group will continue to face the risk of direct loss from a deterioration or failure of 1 or more of its unsecured investment counterparties.	**CCPs**
Concentration risk may arise through Group entities having large individual or connected exposures to groups of counterparties whose likelihood of default is driven by common underlying factors. This is a particular focus of the investment approach at the Group's CCPs.	To address the market participant and latent market risk, the Group's CCPs have established financial safeguards against single or multiple defaults. Clearing membership selection is based upon supervisory capital, technical and organisational criteria. Each member must pay margins, computed and collected at least daily, to cover the exposures and theoretical costs which the CCP might incur in order to close out open positions in the event of the member's default. Margins are calculated using established and internationally acknowledged risk models and are debited from participants' accounts through central bank accounts and via commercial bank payment systems. Minimum levels of cash collateral are required and non-cash collateral is re-valued daily.

	31 December 2015	31 December 2014
	£ bn	£ bn
Clearing members' margin liability	**(85.7)**	(70.6)
Collateral security		
Cash	**45.6**	38.8
Non-cash	**40.1**	31.8
Maximum aggregate margin liability for the year/period	**(99.6)**	(80.1)

Clearing members also contribute to default funds managed by the CCPs to guarantee the integrity of the markets in the event of multiple defaults in extreme market circumstances. Amounts are determined on the basis of the results of periodic stress testing examined by the risk committees of the respective CCPs. Furthermore, each of the Group's CCPs reinforces its capital position to meet the most stringent relevant regulatory requirements applicable to it, including holding a minimum amount of dedicated own resources to further underpin the protective credit risk framework in the event of a significant market stress event or participant failure. An analysis of the aggregate clearing member contributions to default funds across the CCPs is shown below:

	31 December 2015	31 December 2014
	£ bn	£ bn
Clearing member contributions to default funds		
Aggregate at year/period end	**9.4**	10.3
Maximum during the year/period	**10.6**	10.6

2. Financial Risk Management (Continued)

Risk description	Risk management approach
	Investment counterparty risk for CCP margin and default funds is managed by investing the cash element in instruments or structures deemed "secure" by the relevant regulatory bodies including through direct investments in highly rated, "regulatory qualifying" sovereign bonds and supra-national debt, investments in tri-party and bi-lateral reverse repos (receiving high quality government securities as collateral) and, in certain jurisdictions, deposits with the central bank. The small proportion of cash that is invested unsecured is placed for short durations with highly rated counterparties where strict limits are applied with respect to credit quality, concentration and tenor.

	31 December 2015	31 December 2014
	£ bn	£ bn
Total investment portfolio . .	**54.3**	43.5
Weighted average invested securely	**99.0%**	99.1%
Overall maturity (days)	**90**	85
Maximum portfolio size . . .	**61.1**	51.6

Associated liquidity risks are considered in the investment mix and discussed further below.

To address concentration risk, the Group maintains a diversified portfolio of high quality, liquid investments and uses a broad range of custodians, payment and settlement banks and agents. The largest concentration of treasury exposures as at 31 December 2015 was 24.8% of the total investment portfolio to the French Government (31 December 2014: 11.4% to the US Government).

Country risk

Risk description	Risk management approach
Distress can result from the risk that certain governments may be unable or find it difficult to service their debts. This could have adverse effects, particularly on the Group's CCPs, potentially impacting cleared products, margin collateral, investments, the clearing membership and the financial industry as a whole.	Specific risk frameworks manage country risk for both fixed income clearing and margin collateral and all clearing members are monitored regularly against a suite of sovereign stress scenarios. Investment limits and counterparty and clearing membership monitoring are sensitive to changes in ratings and other financial market indicators, to ensure the Group's CCPs are able to measure, monitor and mitigate exposures to sovereign risk and respond quickly to anticipated changes. Risk Committees maintain an on-going watch over these risks and the associated policy frameworks to protect the Group against potentially severe volatility in the sovereign debt markets.

2. Financial Risk Management (Continued)

Risk description	Risk management approach
	The Group's sovereign exposures of £1 billion or more at the end of either of the financial reporting periods shown below are:

Group Aggregate Sovereign Treasury Exposures Country	31 December 2015	31 December 2014
	£ bn	**£ bn**
France	**13.4**	5.0
Italy	**5.6**	3.7
USA	**4.0**	5.8
UK	**2.6**	—
Spain	**1.9**	1.6
Belgium	**1.5**	1.5
Germany	**—**	2.2

Liquidity, settlement and custodial risk

Risk description	Risk management approach
The Group's operations are exposed to liquidity risk to the extent that they are unable to meet their daily payment obligations. In addition, the Group's CCPs, the Frank Russell Company investment management businesses and certain other subsidiary companies are required to maintain a level of liquidity (consistent with regulatory requirements) to ensure the smooth operation of their respective markets and to maintain operations in the event of a single or multiple market stress event or member failure. This includes the potential requirement to liquidate the position of a clearing member under a default scenario including covering the associated losses and the settlement obligations of the defaulting member. The Group is exposed to the risk that a payment or settlement bank could fail or that its systems encounter operational issues, creating liquidity pressures and the risk of possible defaults on payment or receivable obligations. The Group uses third party custodians to hold securities and is therefore exposed to the custodian's insolvency, its negligence, a misuse of assets or poor administration.	The combined Group businesses are profitable, generate strong free cash flow and operations are not significantly impacted by seasonal variations. The Group maintains sufficient liquid resources to meet its financial obligations as they fall due and to invest in capital expenditure, make dividend payments, support acquisitions or repay borrowings. With the exception of regulatory constraints impacting the Group's CCPs, the Frank Russell Company investment management businesses and certain other regulated entities, funds can generally be lent across the Group or remitted through dividend payments and this is an important component of the Group Treasury cash management policy and approach. Management monitors forecasts of the Group's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions. Treasury policy requires that the Group maintains adequate credit facilities provided by a diversified lending group to cover its expected funding requirements and ensure a minimum level of headroom for at least the next 24 months. The financial strength of lenders to the Group is monitored regularly. During the year ended 31 December 2015, new committed 5 year revolving credit facilities totalling £600 million were arranged by the Company to underpin the Group's financial flexibility and replace the £700 million facility arranged in 2013. The new facility bolsters facility headroom over the medium term and represents the first phase of a review of current facilities in conjunction with a refinancing of the next scheduled debt maturity in July 2016. At 31 December 2015 £518.3 million of the Group's facilities were unutilised. The Group's CCPs maintain sufficient cash and cash equivalents and, in certain jurisdictions, have access to central bank refinancing or commercial bank liquidity support credit lines to meet the cash requirements of the clearing and settlement cycle.

2. Financial Risk Management (Continued)

Risk description	Risk management approach
	Revised regulations require CCPs to ensure that appropriate levels of back up liquidity are in place to underpin the dynamics of a largely secured cash investment requirement, ensuring that the maximum potential outflow under extreme market conditions is covered (see Credit and concentration risk section above). The Group's CCPs monitor their liquidity needs daily under stressed and unstressed assumptions. In addition, certain Group companies, including the CCPs, maintain operational support facilities from banks to manage intraday and overnight liquidity. Where possible, the Group employs guaranteed delivery versus payment settlement techniques and manages CCP margin and default fund flows through central bank or long-established, bespoke commercial bank settlement mechanisms. Monies due from clearing members remain the clearing members' liability if the payment agent is unable to effect the appropriate transfer. Custodians are subject to minimum eligibility requirements, ongoing credit assessment, robust contractual arrangements and are required to have appropriate back-up contingency arrangements in place. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table reflect the contractual undiscounted cash flows. The borrowings line includes interest on debt that is not yet accrued for.

At 31 December 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
Borrowings	**973.8**	**178.3**	**338.4**	**314.3**
Trade and other payables	**463.6**	**—**	**—**	**—**
CCP liabilities	**456,663.3**	**—**	**—**	**—**
	458,100.7	**178.3**	**338.4**	**314.3**

At 31 December 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
Borrowings	832.3	107.9	728.6	314.3
Trade and other payables	727.4	—	—	—
CCP liabilities	451,467.5	—	—	—
	453,027.2	107.9	728.6	314.3

2. Financial Risk Management (Continued)

Market risk—Foreign Exchange

Risk description	Risk management approach
The Group operates primarily in the UK, Europe and North America, but also has growing and strategically important businesses in Asia, and other alliances and investments across the globe. Its principal currencies of operation are sterling, euro and US dollars. With the exception of MillenniumIT (a Sri Lankan Rupee reporting entity), which invoices a material proportion of its revenues in US dollars, and LCH.Clearnet Limited (a euro reporting entity), which incurs a majority of its costs in sterling, Group companies generally invoice revenues, incur expenses and purchase assets in their respective local currencies. As a result, foreign exchange risk arises mainly from the translation of the Group's foreign currency earnings, assets and liabilities into its reporting currency, sterling, and from occasional, high value intragroup transactions. Intragroup dividends may create short term transactional FX exposures but play their part in controlling the level of translational FX exposures the Group faces. The Group may be exposed from time to time to strategic investments in currencies other than sterling.	The Group seeks to match the currency of its debt liabilities to the currency of its earnings and cash flows while endeavouring to balance the currency of its assets with its liabilities. In order to mitigate the impact of unfavourable currency exchange movements on earnings and net assets, non-sterling cash earnings are centralised and applied to matching currency debt and interest payments, and where relevant, interest payments on sterling debt re-denominated through the use of cross-currency swaps. A proportion of the Group's debt is held in or swapped into euro and a proportion is held in US dollars. As at 31 December 2015, £132.2 million of drawn debt was euro denominated (31 December 2014: £140.2 million) and £368.5 million (31 December 2014: £389.5 million) of cross-currency swaps, directly linked to sterling debt, were designated as a hedge of the net investment in the Italian Group. As at 31 December 2015, £591.6 million of drawn debt was US dollar denominated (31 December 2014: £662.1 million) and provided a hedge of the net investment in the Frank Russell Company. A profit of £12.5 million for the year ended 31 December 2015 (period to 31 December 2014: profit of £13.0 million) on foreign currency borrowings, inter company loan assets and liabilities and cross-currency swap hedges was recognised in equity. The net investment hedges were fully effective. Whilst transactional foreign exchange exposure is limited, the Group hedges material transactions in accordance with Group Treasury policy (which requires that cash flows of more than £1 million or equivalent per annum should be hedged) with appropriate derivative instruments or by settling currency payables or receivables within a short timeframe. Where possible, hedge accounting for derivatives is considered in order to mitigate material levels of income statement volatility. In addition to projecting and analysing its earnings and debt profile by currency, the Group reviews sensitivities to movements in exchange rates which are appropriate to market conditions. The Group has considered movements in the euro and the US dollar over the year ended 31 December 2015 and period ended 31 December 2014, and has concluded that a 10% movement in rates is a reasonable level to measure the risk to

2. Financial Risk Management (Continued)

Risk description	Risk management approach
	the Group. The impact on post tax profit and equity for the year/period ended 31 December is set out in the table below:

	31 December 2015		31 December 2014	
	Post tax profit	Equity	Post tax profit	Equity
	£m	£m	£m	£m
Euro				
Sterling weaken	**3.5**	**17.7**	4.3	14.2
Sterling strengthen	**(3.1)**	**(16.0)**	(3.9)	(12.4)
US dollar				
Sterling weaken	**3.8**	**(51.2)**	2.8	(58.7)
Sterling strengthen	**(3.4)**	**46.4**	(2.6)	53.3

This reflects foreign exchange gains or losses on translation of euro and US dollar denominated trade receivables, trade payables, financial assets at fair value through profit or loss including euro and US dollar denominated cash and borrowings.

The impact on the Group's operating profit for the year before amortisation of purchased intangible assets and non-recurring items, of a 10 euro cent and 10 US dollar cent movement in the sterling-euro and sterling-US dollar rates respectively, can be seen below:

	31 December 2015	31 December 2014
	£m	£m
Euro		
Sterling weaken	**24.5**	19.1
Sterling strengthen	**(21.2)**	(15.2)
US dollar		
Sterling weaken	**5.5**	12.6
Sterling strengthen	**(6.3)**	(11.1)

Market risk—Cash Flow and Fair Value Interest Rate Risk

Risk description	Risk management approach
The Group's interest rate risk arises through the impact of changes in market rates on cash flows associated with cash and cash equivalents, investments in financial assets and borrowings held at floating rates. The Group's CCPs face interest rate exposure through the impact of changes in the reference rates used to calculate member liabilities versus the yields achieved through their investment activities.	Group interest rate management policy focusses on protecting the Group's credit rating and maintaining compliance with bank covenant requirements. To support this objective, a minimum coverage of interest expense by EBITDA of 7 times, and a maximum floating rate component of 50% of total debt are targeted. This approach reflects: (i) a focus on the Group's cost of gross debt rather than its net debt given the material cash and cash equivalents held specifically for regulatory purposes; (ii) the short duration allowed for investments of cash and cash equivalents held for regulatory purposes which, by their nature, generate low investment yields; (iii) a view that already low market yields are unlikely to move materially lower; and (iv) the broad natural hedge of floating rate borrowings provided by the significant balances of cash and cash equivalents held effectively at floating rates of interest.

2. Financial Risk Management (Continued)

Risk description	Risk management approach
	As at 31 December 2015, consolidated net interest expense cover was measured over the 12 month period at 11.7 times (31 December 2014: 9.4 times) and the floating rate component of total debt was 42% (31 December 2014: 46%). In the Group's CCPs, interest bearing assets are generally invested for a longer term than interest bearing liabilities, whose interest rate is reset daily. This makes investment revenue vulnerable to volatility in overnight rates and shifts in spreads between overnight and term rates. Interest rate exposures (and the risk to CCP capital) are managed within defined risk appetite parameters against which sensitivities are monitored daily. In its review of the sensitivities to potential movements in interest rates, the Group has considered interest rate volatility over the last year and prospects for rates over the next 12 months and has concluded that a 1 percentage point upward movement (with a limited prospect of material downward movement) reflects a reasonable level of risk to current rates. At 31 December 2015, at the Group level, if interest rates on sterling-denominated, euro-denominated and US dollar-denominated cash and borrowings had been 1 percentage point higher with all other variables held constant, post-tax profit for the year would actually have been £2.8 million higher (31 December 2014: £1.5 million higher) mainly as a result of higher interest income on floating rate cash and cash equivalents partially offset by higher interest expense on floating rate borrowings. At 31 December 2015, at the CCP level (in aggregate), if interest rates on the common interest bearing member liability benchmarks of Eonia, Fed Funds and Sonia, for euro, US dollar and sterling liabilities respectively, had been 1 percentage point higher, with all other variables held constant, the daily impact on post-tax profit for the Group would have been £1.0 million lower (31 December 2014: £1.0 million lower). This deficit would be recovered as investment yields increase as the portfolio matures and is re-invested.

Market risk—Other Price Risk

Risk description	Risk management approach
The Frank Russell Company investment management business has material funds under management.	The Group announced on 8 October 2015 that it has agreed the sale of the investment management business of the Frank Russell Company in its entirety, subject to customary regulatory and other necessary approvals. The Group continues to progress well with the sale process.

2. Financial Risk Management (Continued)

Risk description	Risk management approach
Other price risk arises if, as a result of changes in market prices, the fair value or cash flows associated with Frank Russell Company's managed financial instruments fluctuates (and potentially decline in value).	At 31 December 2015, 67% of the Frank Russell Company investment management business's assets under management was invested in equities and alternatives (31 December 2014: 67%). If the value of these assets had decreased by 10%, Frank Russell Company's total Net Investment Management Revenue for the year to 31 December 2015 would have seen a corresponding fall of approximately £24 million (period ended 31 December 2014: £29 million). Russell is well diversified in terms of geography, client type and products and strategies. It maintains a balanced approach across these criteria as shown below:

	31 December 2015	31 December 2014
Geography		
Assets under management		
Clients		
US based	**47%**	47%
Non-US based	**53%**	53%
Number of countries	**35**	35
Client type		
Institutional	**65%**	64%
Client		
US based retail	**23%**	24%
Non-US based retail	**12%**	12%
Product /Strategy		
Number of institutional clients and retail partners	**1,700**	1,800
Number of funds and separate accounts	**>400**	>400
Assets under management represented in top 20 products	**30%**	32%

The Frank Russell Company does not guarantee the performance of its investment management business.

3. Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant judgements and estimates for the year ended 31 December 2015 are as follows:

Goodwill—tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by investors to determine an appropriate discount rate. Sensitivity analysis is provided in note 14;

Intangible assets acquired as part of a business combination—valued on acquisition using appropriate methodologies and amortised over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets are realised; and

3. Significant judgements and estimates (Continued)

Defined benefit pension asset or liability—determined based on the present value of future pension obligations using assumptions determined by the Group with advice from an independent qualified actuary. Sensitivity analysis is provided in note 18.

4. Segmental Information

The Group is organised into operating units based on its service lines and has 6 reportable segments. The Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the income statement.

Segmental disclosures for the year ended 31 December 2015 are as follows:

	Capital Markets	Post Trade Services—CC&G and Monte Titoli	Post Trade Services—LCH.Clearnet	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	**330.3**	**89.8**	**302.1**	**517.4**	**80.6**	**4.5**	**—**	**1,324.7**
Inter-segmental revenue	—	0.9	—	—	12.9	—	(13.8)	—
Revenue	**330.3**	**90.7**	**302.1**	**517.4**	**93.5**	**4.5**	**(13.8)**	**1,324.7**
Net treasury income through CCP business	**—**	**29.3**	**56.4**	**—**	**—**	**—**	**—**	**85.7**
Other income	**—**	**—**	**2.2**	**—**	**—**	**6.0**	**—**	**8.2**
Total income	**330.3**	**120.0**	**360.7**	**517.4**	**93.5**	**10.5**	**(13.8)**	**1,418.6**
Cost of sales	(15.1)	(6.7)	(28.3)	(45.4)	(28.3)	(1.7)	—	(125.5)
Gross profit	**315.2**	**113.3**	**332.4**	**472.0**	**65.2**	**8.8**	**(13.8)**	**1,293.1**
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	**170.9**	**51.8**	**90.9**	**270.6**	**6.4**	**(2.1)**	**(3.8)**	**584.7**
Amortisation of purchased intangible assets								(149.6)
Non-recurring items								(30.7)
Operating profit								**404.4**
Net finance expense								(68.3)
Profit before taxation from continuing operations								**336.1**
Other income statement items								
Depreciation and software amortisation	(10.5)	(6.7)	(28.5)	(11.6)	(5.4)	(0.2)	4.0	(58.9)

Revenue from external customers principally comprises fees for services rendered amounting to £1,239.6 million (period ended 31 December 2014: £833.3 million) and Technology Services amounting to £80.6 million (period ended 31 December 2014: £47.3 million).

The Investment Management segment has been classified as a discontinued operation during the year as a result of the Group's decision to dispose of the Russell Investment Management business in its entirety. The Group also classified Proquote Ltd as a discontinued operation during the year. The results of Proquote are no longer presented in the Information Services segment. Further details are provided in Note 10.

4. Segmental Information (Continued)

Net treasury income through CCP business of £85.7 million (period ended 31 December 2014: £69.1 million) comprises gross interest income of £261.7 million (period ended 31 December 2014: £154.8 million) less gross interest expense of £176.0 million (period ended 31 December 2014: £85.7 million). The 2014 comparatives have been amended from those previously reported (an increase of £27.8 million to both interest income and interest expense) as a result of amounts of negative interest which were previously offset against interest income. Net treasury income is unchanged. Interest from investment in securities amount to £4.1 million (period ended 31 December 2014: £21.4 million).

Presented within Revenue are net settlement expenses from the CCP business of £3.2 million (period ended 31 December 2014: £2.4 million expense) which comprise gross settlement income of £13.3 million (period ended 31 December 2014: £14.5 million) less gross settlement expense of £16.5 million (period ended 31 December 2014: £16.9 million).

Comparative segmental disclosures for the period ended 31 December 2014 are as follows:

	Re-presented(1)(2)							
	Capital Markets	Post Trade Services— CC&G and Monte Titoli	Post Trade Services— LCH.Clearnet	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	249.1	71.5	238.7	274.0	47.3	4.1	—	884.7
Inter-segmental revenue	—	0.9	—	—	7.1	—	(8.0)	—
Revenue	249.1	72.4	238.7	274.0	54.4	4.1	(8.0)	884.7
Net treasury income through CCP business	—	23.2	45.9	—	—	—	—	69.1
Other income	—	—	0.1	—	—	3.4	—	3.5
Total income	249.1	95.6	284.7	274.0	54.4	7.5	(8.0)	957.3
Cost of sales	(10.9)	(3.1)	(10.7)	(26.1)	(15.6)	(3.0)	—	(69.4)
Gross profit	238.2	92.5	274.0	247.9	38.8	4.5	(8.0)	887.9
Operating profit before amortisation of purchased intangible assets and non-recurring items	125.2	47.1	81.4	142.7	4.6	4.3	0.2	405.5
Amortisation of purchased intangible assets								(90.3)
Impairment of purchased intangible assets and goodwill								(22.0)
Non-recurring items								(60.0)
Operating profit								233.2
Net finance expense								(51.1)
Profit before taxation from continuing operations								182.1
Other income statement items								
Depreciation and software amortisation	(9.5)	(4.1)	(19.9)	(8.3)	(2.0)	(0.2)	1.4	(42.6)

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

(2) Comparative amounts have been re-presented to reflect the presentation of cost of sales and gross profit in the financial statements.

4. Segmental Information (Continued)

Geographical disclosure

	Year ended 31 December 2015	Period ended 31 December 2014 Re-presented(1)
	£m	£m
Revenue		
UK	**749.3**	546.1
Italy	**264.7**	213.9
France	**83.7**	75.0
USA	**156.7**	12.7
Other	**70.3**	37.0
Total	**1,324.7**	884.7

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

	31 December 2015	31 December 2014 (revised)
	£m	£m
Total assets		
UK	**123,166.8**	143,498.8
Italy	**148,558.9**	129,079.4
France	**188,662.5**	182,027.6
USA	**2,581.6**	3,111.3
Other	**281.4**	282.3
Total	**463,251.2**	457,999.4

5. Expenses by nature

Expenses comprise the following:

	Notes	Year ended 31 December 2015	Period ended 31 December 2014 Re-presented(1)(2)
		£m	£m
Employee costs	6	**405.5**	242.3
Depreciation and non-acquisition software amortisation		**58.9**	42.6
Impairment and amortisation of purchased intangible assets and non-recurring items	7	**180.3**	172.3
IT costs		**107.4**	88.2
Other costs		**136.6**	109.3
Total operating expenses		**888.7**	654.7

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

(2) Comparative amounts have been re-presented to reflect the presentation of cost of sales and gross profit in the financial statements.

Foreign exchange gains or losses included in the income statement are immaterial.

6. Employee costs

Employee costs comprise the following:

	Note	Year ended 31 December 2015	Period ended 31 December 2014 Re-presented[(1)]
		£m	£m
Salaries and other short term benefits		**322.4**	191.6
Social security costs		**42.5**	33.2
Pension costs	18	**18.1**	12.1
Share-based compensation		**22.5**	5.4
Total		**405.5**	242.3

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

The average number of employees in the Group from total operations, was:

	Year ended 31 December 2015	Period ended 31 December 2014
UK	**1,731**	1,504
Italy	**565**	537
France	**242**	174
Sri Lanka	**926**	688
USA	**1,296**	1,312
Other	**791**	477
Total	**5,551**	4,692

Average is calculated from date of acquisition of a subsidiary company by the Group.

The Company has no employees in the year (period ended 31 December 2014: nil).

7. Amortisation of purchased intangible assets and non-recurring items

	Notes	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented(1) £m
Amortisation of purchased intangible assets	14	**149.6**	90.3
Transaction costs		**1.0**	54.6
Transaction credit		**(1.1)**	(2.4)
Restructuring costs		**9.9**	—
Restructuring credit		**—**	(3.8)
Integration costs		**21.4**	11.6
Impairment of purchased intangible assets and goodwill	14	**—**	22.0
Profit on disposal of assets held for sale		**(0.5)**	—
Total affecting profit		**180.3**	172.3
Charge for new transaction related revolving credit facility		**—**	1.8
Total affecting profit before tax		**180.3**	174.1
Tax effect on items affecting profit before tax			
Deferred tax on amortisation and impairment of purchased intangible assets		**(56.2)**	(32.3)
Current tax on amortisation and impairment of purchased intangible assets		**(1.8)**	(1.4)
Tax effect on other items affecting profit before tax		**(18.0)**	(6.3)
Total tax effect on items affecting profit before tax		**(76.0)**	(40.0)
Total charge to income statement		**104.3**	134.1

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

Transaction costs comprise charges incurred for ongoing services related to potential or completed acquisitions.

The transaction credit in the current year relates to the release of a contingent consideration liability in respect of a past acquisition of a Group subsidiary. The contractual terms under which the consideration was payable expired and the financial liability derecognised.

The transaction credit in the prior period relates to a reduction in obligations arising from the acquisition of LCH.Clearnet Group.

Restructuring and integration costs principally relate to the acquisition, restructuring and integration of LCH.Clearnet and Frank Russell Company.

The restructuring credit in the prior period relates to contributions made by third parties to cover restructuring costs incurred in previous periods.

The £0.5 million profit on disposal of assets held for sale in the current year relates to the sale of a freehold property and related equipment held by a subsidiary. These assets were classified as held for sale at 31 December 2014. The carrying value of the assets at the date of disposal was £5.3 million.

Of the impairment recognised during the prior period, £21.8 million relates to licenses belonging to a cash generating unit within LCH.Clearnet's business in the USA, that was recognised on the acquisition of the LCH.Clearnet Group. Following a review, it was determined that the cash flows required to maintain the current valuation are too uncertain. Consequently, it was considered appropriate to impair the asset. The Group remains committed to developing the business to provide clearing services in the USA and continues to investigate all opportunities as they arise.

7. Amortisation of purchased intangible assets and non-recurring items (Continued)

The remaining £0.2 million in the prior period relates to the goodwill on EDX London Limited. Following the transfer of the UK derivatives business to its parent company, the remaining goodwill allocated to the business was impaired.

8. Net finance expense

	Notes	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented[1] £m
Finance income			
Expected return on defined benefit pension scheme assets	18	**0.6**	—
Bank deposit and other interest income		**0.9**	1.7
Other finance income		**1.4**	0.5
		2.9	2.2
Finance expense			
Interest payable on bank and other borrowings		**(66.0)**	(49.1)
Defined benefit pension scheme interest cost	18	**(1.2)**	(0.5)
Other finance expenses		**(4.0)**	(1.9)
Non-recurring credit facility arrangement fees		**—**	(1.8)
		(71.2)	(53.3)
Net finance expense		**(68.3)**	(51.1)

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

Net finance expense includes amounts where the Group earns negative interest on its cash deposits.

9. Taxation

The standard UK corporation tax rate was 20.25% (21% for the period ended 31 December 2014).

Taxation charged to the income statement	Note	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented[1] £m
Current tax:			
UK corporation tax for the year/period		**49.8**	42.9
Overseas tax for the year/period		**51.6**	48.4
Adjustments in respect of previous years		**(4.2)**	(9.6)
		97.2	81.7
Deferred tax:	17		
Deferred tax for the year/period		**(0.2)**	3.0
Adjustments in respect of previous years		**2.0**	(0.4)
Deferred tax liability on amortisation and impairment of purchased intangible assets		**(50.9)**	(33.2)
Taxation charge		**48.1**	51.1

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

9. Taxation (Continued)

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns submitted to relevant tax authorities.

Taxation on items not credited/(charged) to income statement	Year ended 31 December 2015	Period ended 31 December 2014
	£m	£m
Current tax credit/(charge):		
Tax allowance on share options/awards in excess of expense recognised	**5.8**	2.8
Gain on cash flow hedges	**—**	(17.2)
Deferred tax (loss)/credit:		
Defined benefit pension scheme remeasurement	**(2.8)**	0.7
Tax allowance on share options/awards in excess of expense recognised	**(0.1)**	1.5
Movement in value of available for sale financial assets	**—**	0.9
	2.9	(11.3)

Factors affecting the tax charge for the year/period

The income statement tax charge for the year/period differs from the standard rate of corporation tax in the UK of 20.25% (period ended 31 December 2014: 21%) as explained below:

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	Re-presented[(1)] £m
Profit before taxation from continuing operations	**336.1**	182.1
Profit before taxation from discontinued operations	**97.6**	8.9
	433.7	191.0
Profit multiplied by standard rate of corporation tax in the UK	**87.8**	40.1
Expenses not deductible/(income) not taxable	**3.5**	9.4
Adjustment arising from change in tax rate	**(4.6)**	0.8
Overseas earnings taxed at higher rate	**16.6**	25.2
Adjustments in respect of previous years	**(2.2)**	(10.0)
Amortisation and impairment of purchased intangible assets	**(0.2)**	(9.2)
Adjustment arising from changes in tax rates on amortisation of intangible assets	**(17.0)**	—
Deferred tax previously not recognised	**(7.3)**	(2.7)
Income tax from continuing operations	**48.1**	51.1
Income tax attributable to discontinued operations	**28.5**	2.5

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

The UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20% to 19% effective from 1 April 2017 and 18% effective from 1 April 2020. Accordingly the UK deferred tax balances at December 2015 have been stated at 20%, 19% or 18% dependent on when the timing differences are expected to reverse. The deferred tax balances in other countries are recognised at the substantially enacted rates at the balance sheet date.

10. Discontinued operations and assets and liabilities held for sale

During the year, the Group announced the completion of the comprehensive review focused principally on assessing the strategic fit of the Russell Investment Management business with the Group's long term strategy. After careful consideration, the conclusion of the comprehensive review was to explore a sale of this business in its entirety.

10. Discontinued operations and assets and liabilities held for sale (Continued)

On 8 October 2015 the Group announced it had agreed the sale of the Russell Investment Management business to TA Associates for gross proceeds of US$1,150 million (£752 million) cash. The disposal of the Russell Investment Management business is expected to complete in the first half of 2016, subject to finalising agreements with the purchaser and any regulatory reviews.

At 31 December 2015, the Russell Investment Management business is classified as a disposal group held for sale and as a discontinued operation. The business of Russell Investment Management represented the entire Investment Management segment in the Group's annual consolidated financial statements for the 9 month period ended 31 December 2014. With the Russell Investment Management business being classified as a disposal group held for sale and discontinued operations, the Investment Management segment is no longer presented within the income statement analysis in the Segmental Information note (Note 4).

During the year, the Group classified Proquote Ltd as a discontinued operation and completed its disposal for cash consideration of £22.0 million. The carrying value of net assets on disposal amounted to £1.9 million and after transaction costs of £0.2 million, a non-recurring profit on disposal of £19.9 million was recognised in the income statement from discontinued operations.

The results of discontinued operations are presented below:

	Notes	Year ended 31 December 2015	Period ended 31 December 2014
		£m	£m
Revenue		**960.7**	86.7
Other income		**2.2**	—
Total income		**962.9**	86.7
Cost of sales		**(494.9)**	(32.1)
Share of profit after tax of associate		**0.5**	0.1
Expenses			
Expenses before amortisation of purchase intangible assets and non-recurring items		**(343.6)**	(42.6)
Amortisation of purchased intangible assets	14	**(7.1)**	(2.3)
Non-recurring items		**(22.3)**	(0.9)
Operating profit		**95.5**	8.9
Net finance income		**2.1**	—
Profit before tax from discontinued operations		**97.6**	8.9
Taxation	9	**(28.5)**	(2.5)
Profit after tax from discontinued operations		**69.1**	6.4
Attributable to:			
Equity holders		**68.7**	6.4
Non-controlling interests		**0.4**	—
		69.1	6.4

Discontinued revenue for the year ended December 2015, relate to Russell Investment Management of £953.1 million (period ended December 2014: £79.7 million) and Proquote of £7.6 million (period ended December 2014: £7.0 million).

During the year, the Group recognised £28.4 million of costs in relation to the planned disposal of the Russell Investment Management business.

10. Discontinued operations and assets and liabilities held for sale (Continued)

The assets and liabilities of Russell Investment Management business as at 31 December 2015, that have been classified as held for sale in the balance sheet, are as follows:

Assets	31 December 2015
	£m
Property, plant and equipment	**32.0**
Intangible assets	**691.3**
Investments in associates	**5.3**
Trade and other receivables	**204.5**
Cash and cash equivalents	**252.5**
Deferred tax assets	**42.3**
Other assets	**45.7**
Assets held for sale	**1,273.6**
Liabilities	
Trade and other payables	**289.8**
Current tax	**5.2**
Deferred tax liabilities	**201.4**
Provision	**1.1**
Other liabilities	**41.5**
Liabilities directly associated with assets held for sale	**539.0**
Net assets directly associated with disposal group	**734.6**
Amounts included in accumulated Other Comprehensive Income:	
Foreign exchange translation reserves	**17.1**
Reserve of disposal group classified as held for sale	**17.1**

The carrying amounts of assets and liabilities are held at the lower of cost or net realisable value less costs to sell.

The net cash flows incurred by discontinued operations during the year/period are as follows:

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	£m
Cash inflow/(outflow) from operating activities	**51.5**	(7.7)
Cash inflow/(outflow) from investing activities	**2.9**	(1.8)
Cash (outflow)/inflow from financing activities	**(5.8)**	0.5
Net cash inflow/(outflow)	**48.6**	(9.0)

11. Earnings per share

Earnings per share is presented on 4 bases: basic earnings per share; diluted earnings per share; adjusted basic earnings per share; and adjusted diluted earnings per share. Basic earnings per share is in respect of all activities and diluted earnings per share takes into account the dilution effects which would arise on conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP). Adjusted basic earnings per share and adjusted diluted earnings per share exclude amortisation of

11. Earnings per share (Continued)

purchased intangible assets, non-recurring items and unrealised gains and losses to enable a better comparison of the underlying earnings of the business with prior periods.

	Year ended 31 December 2015			Period ended 31 December 2014 Re-presented(1)		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Basic earnings per share	**74.8p**	**19.8p**	**94.6p**	35.9p	2.0p	37.9p
Diluted earnings per share	**73.7p**	**19.5p**	**93.2p**	35.5p	1.9p	37.4p
Adjusted basic earnings per share	**103.4p**	**26.0p**	**129.4p**	72.9p	2.7p	75.6p
Adjusted diluted earnings per share	**101.9p**	**25.7p**	**127.6p**	72.0p	2.7p	74.7p

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

Profit and adjusted profit for the financial year/period attributable to equity holders of the parent:

	Year ended 31 December 2015			Period ended 31 December 2014 Re-presented(1)		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Profit for the financial year/period attributable to the Company's equity holders	**259.6**	**68.7**	**328.3**	116.6	6.4	123.0
Adjustments:						
Amortisation of purchased intangibles and non recurring items:						
Amortisation of purchased intangible assets	**149.6**	**7.1**	**156.7**	90.3	2.3	92.6
Transaction costs	**1.0**	**—**	**1.0**	54.6	—	54.6
Transaction credit	**(1.1)**	**—**	**(1.1)**	(2.4)	—	(2.4)
Restructuring costs	**9.9**	**42.2**	**52.1**	—	0.9	0.9
Restructuring credit	**—**	**—**	**—**	(3.8)	—	(3.8)
Integration costs	**21.4**	**—**	**21.4**	11.6	—	11.6
Impairment of purchased intangible assets and goodwill	**—**	**—**	**—**	22.0	—	22.0
Charge for new revolving credit facility	**—**	**—**	**—**	1.8	—	1.8
Profit on disposal of assets and liabilities held for sale	**(0.5)**	**(19.9)**	**(20.4)**	—	—	—
Other adjusting items:						
Unrealised net investment loss (included in other income)	**—**	**—**	**—**	(0.1)	—	(0.1)
Tax effect of amortisation and impairment of purchased intangible assets and non-recurring items	**(76.0)**	**(7.7)**	**(83.7)**	(40.0)	(0.8)	(40.8)
Amortisation of purchased intangible assets, non-recurring and adjusting items, and taxation attributable to non-controlling interests	**(5.2)**	**—**	**(5.2)**	(13.8)	—	(13.8)
Adjusted profit for the financial year/period attributable to the Company's equity holders	**358.7**	**90.4**	**449.1**	236.8	8.8	245.6
Weighted average number of shares—million			**347.0**			324.7
Effect of dilutive share options and awards—million			**5.1**			4.2
Diluted weighted average number of shares—million			**352.1**			328.9

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

The weighted average number of shares excludes those held in the Employee Benefit Trust.

12. Dividends

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	£m
Final dividend for 31 December 2014 paid 2 June 2015: 12.8p per Ordinary share (31 March 2014: 20.7p)	**44.4**	56.2
Interim dividend for 31 December 2014 paid 5 January 2015: 9.7p per Ordinary share	**33.6**	—
Interim dividend for 31 December 2015 paid 22 September 2015: 10.8p per Ordinary share	**37.5**	—
	115.5	56.2

The Board has proposed a final dividend in respect of the year ended 31 December 2015 of 25.2p per share, which is estimated to amount to £87.7 million, to be paid in June 2016. This is not reflected in these financial statements.

13. Property, plant and equipment

	Land and Buildings		Fixed plant, other plant and equipment	Total
	Freehold	Leasehold		
	£m	£m	£m	£m
Cost:				
1 April 2014	55.6	47.2	125.4	228.2
Additions	0.5	0.1	17.6	18.2
Foreign exchange	0.1	(0.3)	(1.3)	(1.5)
Impairment	—	(0.1)	—	(0.1)
Acquisition of subsidiaries	—	14.5	15.1	29.6
Reclassification to assets held for sale and other non-current assets	(6.2)	—	(2.9)	(9.1)
Disposals	(0.1)	(1.4)	(2.1)	(3.6)
31 December 2014	49.9	60.0	151.8	261.7
Additions	**1.0**	**1.5**	**28.7**	**31.2**
Foreign exchange	**(0.2)**	**0.2**	**(2.4)**	**(2.4)**
Acquisition of subsidiaries	**—**	**—**	**0.1**	**0.1**
Reclassification to assets held for sale	**(0.3)**	**(15.4)**	**(17.8)**	**(33.5)**
Disposals	**(0.2)**	**(2.7)**	**(12.0)**	**(14.9)**
Disposal of business	**—**	**—**	**(1.7)**	**(1.7)**
31 December 2015	**50.2**	**43.6**	**146.7**	**240.5**
Accumulated depreciation:				
1 April 2014	28.4	34.0	72.5	134.9
Charge for the period	0.4	1.9	14.6	16.9
Foreign exchange	(0.1)	(0.2)	(0.9)	(1.2)
Reclassification to assets held for sale	(0.9)	—	—	(0.9)
Disposals	(0.1)	(1.4)	(2.1)	(3.6)
31 December 2014	27.7	34.3	84.1	146.1
Charge for the year	**0.2**	**3.1**	**17.5**	**20.8**
Foreign exchange	**—**	**(0.2)**	**(2.7)**	**(2.9)**
Reclassification to assets held for sale	**—**	**(0.9)**	**(0.6)**	**(1.5)**
Disposals	**—**	**(2.7)**	**(11.7)**	**(14.4)**
Disposal of business	**—**	**—**	**(1.5)**	**(1.5)**
31 December 2015	**27.9**	**33.6**	**85.1**	**146.6**
Net book values:				
31 December 2015	**22.3**	**10.0**	**61.6**	**93.9**
31 December 2014	22.2	25.7	67.7	115.6

13. Property, plant and equipment (Continued)

The carrying value of equipment held under finance leases at 31 December 2015 was £7.3 million (31 December 2014: £11.3 million).

14. Intangible Assets

		Purchased intangible assets				
	Goodwill	Customer and supplier relationships	Brands	Software, licenses and intellectual property	Software	Total
	£m	£m	£m	£m	£m	£m
Cost:						
1 April 2014	1,589.0	1,167.7	253.6	420.6	265.7	3,696.6
Additions	—	—	—	—	48.5	48.5
Acquisition of subsidiaries (revised)	473.0	804.1	677.6	30.7	5.6	1,991.0
Disposals	—	(0.8)	(0.1)	—	(29.2)	(30.1)
Foreign exchange	(63.5)	(38.1)	1.2	(10.0)	(17.4)	(127.8)
31 December 2014 (revised)	1,998.5	1,932.9	932.3	441.3	273.2	5,578.2
Additions	**3.9**	**—**	**—**	**—**	**96.5**	**100.4**
Disposal	**—**	**—**	**—**	**(0.8)**	**(4.8)**	**(5.6)**
Disposal of business	**—**	**—**	**—**	**—**	**(3.8)**	**(3.8)**
Reclassification to assets held for sale	**(142.4)**	**(413.9)**	**(118.7)**	**(23.4)**	**(0.3)**	**(698.7)**
Foreign exchange	**(37.3)**	**(2.5)**	**38.6**	**4.6**	**(19.1)**	**(15.7)**
31 December 2015	**1,822.7**	**1,516.5**	**852.2**	**421.7**	**341.7**	**4,954.8**
Accumulated amortisation and impairment:						
1 April 2014	486.3	244.8	28.0	149.3	118.5	1,026.9
Impairment	0.2	—	—	21.8	—	22.0
Amortisation charge for the period	—	48.2	10.3	34.1	26.8	119.4
Disposals	—	(0.8)	(0.1)	—	(28.9)	(29.8)
Foreign exchange	(19.6)	(8.9)	(0.4)	(5.2)	(10.9)	(45.0)
31 December 2014	466.9	283.3	37.8	200.0	105.5	1,093.5
Impairment	**—**	**—**	**—**	**—**	**1.0**	**1.0**
Amortisation charge for the year	**—**	**81.9**	**33.8**	**41.0**	**39.9**	**196.6**
Disposals	**—**	**—**	**—**	**(0.7)**	**(4.7)**	**(5.4)**
Disposal of business	**—**	**—**	**—**	**—**	**(1.9)**	**(1.9)**
Reclassification to assets held for sale	**—**	**(4.7)**	**(1.2)**	**(1.4)**	**(0.1)**	**(7.4)**
Foreign exchange	**(18.3)**	**(11.9)**	**1.0**	**(0.3)**	**3.7**	**(25.8)**
31 December 2015	**448.6**	**348.6**	**71.4**	**238.6**	**143.4**	**1,250.6**
Net book values:						
31 December 2015	**1,374.1**	**1,167.9**	**780.8**	**183.1**	**198.3**	**3,704.2**
31 December 2014 (revised)	1,531.6	1,649.6	894.5	241.3	167.7	4,484.7

The fair values of the purchased intangible assets were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The remaining amortisation periods of the Group's purchased intangible assets range between: 1 and 17 years for the Italian Group; 2 and 22 years for the LCH.Clearnet Group and the FTSE Group; and 2 and 24 years for the Frank Russell Group.

The goodwill arising on consolidation represents the growth potential and assembled workforces of the Italian Group, LCH.Clearnet Group, FTSE Group, MillenniumIT, the Frank Russell Group, Turquoise and Exactpro. The Company has no intangible assets.

14. Intangible Assets (Continued)

During the year, additions relating to internally generated software amounted to £96.5 million (31 December 2014: £48.5 million).

The carrying value of licenses held under finance leases at 31 December 2015 was £0.8 million (31 December 2014: £1.4 million).

In the prior period, the acquisition of the Frank Russell Group and Bonds.com Group resulted in the recognition of £484.7 million in goodwill. The exercise of attributing fair value adjustments to the assets and liabilities acquired with both the Frank Russell Group and Bonds.com businesses was completed during the year ended 31 December 2015. As a result, goodwill arising on acquisition of the Frank Russell Group and Bonds.com Group decreased by £9.1 million and £2.6 million, respectively, and purchased intangible assets in relation to the Bonds.com acquisition increased by £4.4 million. Further details are provided in Note 30.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to 11 cash generating units (CGUs), including the Russell Investment Management CGU.

The recoverable amounts of these CGUs have been determined based on value in use calculations, using discounted cash flow projections prepared by management covering the 5 year period ending 31 December 2020. Cash flows beyond this period are extrapolated using the estimated long term growth rates and applying the pre-tax discount rates referred to below.

The amount of the net book value of goodwill allocated to each CGU is set out below.

	Net book value of goodwill					Pre-tax discount rate used in value in use calculations
	31 December 2014	Acquisitions of subsidiaries	Reclassified to assets held for sale	Foreign exchange	31 December 2015	
	(revised) £m	£m	£m	£m	£m	
Italian Group:						
Capital Markets	226.8	—	—	(12.2)	**214.6**	11.0%
Information Services	157.0	—	—	(8.5)	**148.5**	11.3%
Technology Services	29.5	—	—	(1.6)	**27.9**	11.2%
Post Trade Services	342.2	—	—	(18.4)	**323.8**	11.2%
MillenniumIT	1.4	—	—	—	**1.4**	19.1%
Turquoise	7.6	—	—	—	**7.6**	10.3%
FTSE Group	187.6	—	—	—	**187.6**	7.5%
LCH.Clearnet Group	110.6	—	—	(6.0)	**104.6**	9.2%
Frank Russell Group						
Information Services	334.9	1.0	—	19.3	**355.2**	8.7%
Investment Management	134.0	—	(142.4)	8.4	**—**	N/A
Exactpro	—	2.9	—	—	**2.9**	N/A
	1,531.6	**3.9**	**(142.4)**	**(19.0)**	**1,374.1**	

Management has based its value in use calculations for each CGU on key assumptions about short and medium term revenue and cost growth, long term economic growth rates (used to determine terminal values) and pre-tax discount rates.

The values assigned to short and medium term revenue and cost growth assumptions are based on the 2016 budget and the Group's approved business plan. The assumptions are derived from an assessment of current trends, anticipated market and regulatory developments, discussions with customers and suppliers,

14. Intangible Assets (Continued)

and management's experience. These factors are considered in conjunction with the Group's long-term strategic objectives to determine appropriate short and medium growth assumptions.

Long term growth rates (assumed to be 1.8% for each of the Italian CGUs, 12.7% for MillenniumIT and 3.0% for the remaining Group) represent management's internal forecasts based on external estimates of GDP and inflation for the 16 year period 1 January 2005 to 31 December 2020, and do not exceed the long term average growth rates for the countries in which the CGUs operate.

Pre-tax discount rates are based on a number of factors including the risk-free rates in Italy, France, Sri Lanka, USA and the UK as appropriate, the Group's estimated market risk premium and a premium to reflect the inherent risks of each of the CGUs.

Based on the results of the impairment tests performed, management believes there is no impairment of the carrying value of the goodwill in any CGU.

Value in use calculations for each CGU are sensitive to changes in short and medium term revenue and cost growth assumptions, long term growth rates and pre-tax discount rates. The impact on value in use of reasonable changes in these assumptions is shown below:

Cash generating unit	Excess of value in use over carrying value	Impact on value in use of: 5% reduction in revenues	5% increase in costs	0.5% reduction in long-term growth rate	0.5% increase in pre-tax discount rate
	£m	£m	£m	£m	£m
Italian group:					
Capital Markets	467.0	86.1	43.0	45.2	58.8
Information Services	53.0	20.1	8.4	12.4	16.2
Technology Services	60.2	12.7	7.7	4.9	6.3
Post Trade Services	328.8	65.6	29.1	36.4	47.4

Management believes goodwill allocated to the Frank Russell Group, LCH.Clearnet Group, FTSE Group, MillenniumIT, Turquoise and Exactpro CGUs is unlikely to be materially impaired under reasonable changes to key assumptions. The excess of value in use over carrying value is determined by reference to the net book value as at 31 December 2015. Revenue and cost sensitivities assume a 5% change in revenues or costs for each of the 5 years in the value in use calculations.

15. Investment in associates

The following table illustrates the summarised financial information of the Group's investment in associates.

	Note	£m
1 April 2014		0.3
Acquisition of associates		11.9
Share of profit		0.1
Share of capital decrease and dividend distribution		(0.2)
31 December 2014		12.1
Share of profit		**0.5**
Liquidation of associate		**(5.8)**
Reclassification to assets held for sale	10	**(5.3)**
Foreign exchange		**(1.2)**
31 December 2015		**0.3**

During the year, Ping AN Russell Investment Management (Shanghai) Co Limited, the Group's principal associate was liquidated and the invested capital returned to the Group.

16. Investment in subsidiary undertakings

Company	Shares	Other	Total
	£m	£m	£m
1 April 2014	3,310.0	548.9	3,858.9
Capital contribution to LSEGH US Holdco Inc.	—	441.1	441.1
Capital contribution to LSEGH (Luxembourg) Ltd	581.8	—	581.8
Other movements during the period	—	7.3	7.3
31 December 2014	3,891.8	997.3	4,889.1
Movements during the year	—	7.7	7.7
31 December 2015	**3,891.8**	**1,005.0**	**4,896.8**

Principal subsidiaries:	Principal activity	Country of incorporation	Country of principal operations	% equity and votes held
Held directly by the Company:				
London Stock Exchange plc	Recognised investment exchange	UK	UK	100
Held indirectly by the Company:				
BIt Market Services S.p.A.	Retail information services and market technology	Italy	Italy	99.99
Borsa Italiana S.p.A.	Recognised investment exchange	Italy	Italy	99.99
Cassa di Compensazione e Garanzia S.p.A.	CCP clearing services	Italy	Italy	99.99
Exactpro LLC	Quality assurance provider	Russian Federation	Russian Federation	100
FTSE International Ltd	Market indices provider	UK	UK	100
LCH.Clearnet Group Limited	CCP clearing services	UK	UK	57.80
Monte Titoli S.p.A.	Pre-settlement, settlement and centralised custody	Italy	Italy	98.86
Millennium Information Technologies Software Ltd	IT solutions provider	Sri Lanka	Sri Lanka	100
MTS S.p.A.	Wholesale fixed income bonds	Italy	Italy	60.36
Turquoise Global Holdings Ltd	Multi-lateral trading facility	UK	UK	51.36
Frank Russell Company	Global asset manager and index business	USA	USA	100

During the year, the Group acquired Exactpro Systems Limited and XTF Inc. for a consideration of £4.3 million and £1.0 million, respectively. Further details are provided in Note 30.

In the prior period, the Group entered into a transaction that resulted in the Group acquiring a 100% stake in Frank Russell Company for a total consideration of £1,678.5 million. In the prior period, the Group also completed the acquisition of Bonds.com, resulting in a majority stake of 60.36% in the company for a consideration of £8.8 million. Further details are provided in Note 30.

Under Regulation 7 of The Partnerships (Accounts) Regulations 2008, the Group elected not to prepare partnership accounts for its indirect partnership interest in London Stock Exchange Connectivity Solutions LP, as its results are contained in the consolidated group accounts.

A full list of subsidiaries is provided in Note 35.

16. Investment in subsidiary undertakings (Continued)

LCH.Clearnet Group Limited is the only subsidiary that has material non-controlling interests within the Group. Financial information relating to this subsidiary is provided below:

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	£m
Accumulated balances of material non-controlling interests	**339.0**	329.3
Profits/(losses) allocated to material non-controlling interests	**9.7**	(13.2)

Accumulated balances included goodwill, purchased intangible assets and associated amortisation and impairments attributable to non-controlling interests.

The summarised financial information of LCH.Clearnet Group is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss	Year ended 31 December 2015	Period ended 31 December 2014
	£m	£m
Total income	**360.6**	238.5
Profit for the year/period	**57.0**	27.6
Total comprehensive income	**69.3**	30.7
Attributable to non-controlling interests	**29.2**	13.0

Summarised statement of financial position	31 December 2015	31 December 2014
	£m	£m
Non-current assets	**239.4**	219.1
Current assets	**312,360.9**	325,870.2
Current liabilities	**(311,764.8)**	(325,270.7)
Non-current liabilities	**(152.6)**	(166.9)
Total equity	**682.9**	651.7
Attributable to:		
Equity holders of the company	**394.7**	376.7
Non-controlling interests	**288.2**	275.0

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	£m
Net increase in cash and cash equivalents	**14.3**	47.7

LCH.Clearnet Group was acquired on 1 May 2013. Their results have been incorporated from that date.

17. Deferred tax

The movements in deferred tax assets and liabilities during the year/period are shown below.

Group	Accelerated tax depreciation	Acquisition deferred tax and amortisation	Provisions and other temporary differences	Total
	£m	(revised) £m	£m	£m
1 April 2014	8.4	(316.2)	26.4	(281.4)
Transfer between categories	2.8	5.5	(8.3)	—
Tax credited to the income statement	(0.7)	33.2	(1.9)	30.6
Tax credited/(charged) to other comprehensive income:				
—defined benefit pension scheme remeasurement loss	—	—	0.7	0.7
—allowance on share options/awards	—	—	1.5	1.5
—movement in value of available for sale financial assets	—	—	0.9	0.9
—foreign exchange	(0.4)	10.5	—	10.1
Balance sheet transfer of pre-acquisition balances	(4.5)	—	37.9	33.4
Deferred tax recognised on acquisition (revised)	—	(580.6)	—	(580.6)
31 December 2014 (revised)	5.6	(847.6)	57.2	(784.8)
Transfer between categories	**—**	**(3.1)**	**3.1**	**—**
Tax credited/(charged) to the income statement	**1.2**	**56.2**	**(0.6)**	**56.8**
Tax credited/(charged) to other comprehensive income:				
—defined benefit pension scheme remeasurement loss	**—**	**—**	**(2.8)**	**(2.8)**
—foreign exchange	**—**	**(19.2)**	**—**	**(19.2)**
Allowance on share options/awards—to equity	**—**	**—**	**(0.1)**	**(0.1)**
Reclassification to assets held for sale	**1.6**	**199.8**	**(42.3)**	**159.1**
31 December 2015	**8.4**	**(613.9)**	**14.5**	**(591.0)**
Assets at 31 December 2015	**8.4**	**—**	**26.2**	**34.6**
Liabilities at 31 December 2015	**—**	**(613.9)**	**(11.7)**	**(625.6)**
Net assets/(liabilities) at 31 December 2015	**8.4**	**(613.9)**	**14.5**	**(591.0)**
Assets at 31 December 2014	10.5	—	66.0	76.5
Liabilities at 31 December 2014 (revised)	(4.9)	(847.6)	(8.8)	(861.3)
Net assets/(liabilities) at 31 December 2014 (revised)	5.6	(847.6)	57.2	(784.8)

The deferred tax assets are recoverable against future taxable profits and are due after more than 1 year.

The deferred tax asset of £14.5 million (31 December 2014: £57.2 million) in respect of provisions and other temporary differences mainly relates to share based payments £7.5 million (31 December 2014: £5.4 million), retirement benefits liability of £3.1 million (31 December 2014: £5.6 million), trading losses £6.1 million (31 December 2014: £4.3 million) and other provisions and temporary differences £4.0 million (31 December 2014: £13.4 million).

The purchased intangible assets of the acquired subsidiaries create a deferred tax liability due to the difference between their accounting and tax treatment. This liability is amortised at the same rate as the intangible assets.

The Group has unrecognised deferred tax assets in respect of losses of £20.5 million (31 December 2014: £20.4 million) within certain Group subsidiaries. The assets would be recognised in the future only if suitable taxable income were to arise within the Group.

There was no deferred tax in the Company.

18. Retirement benefit obligations

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes in the UK are held separately from those of the Group in funds administered by trustees. The funds are primarily managed by Schroder Investment Management Limited, Legal & General Investment Management Limited, PIMCO Europe Limited and a 'buy in' insurance asset with Pension Insurance Corporation.

The assets of the UK schemes are held by the trustees of the respective schemes who are responsible for the schemes' governance. The schemes are invested in a wide range of assets in the UK and overseas, which seek to balance risk and investment return, through investment managers appointed by the schemes' trustees. The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The 'Other plans' relate to the severance and leaving indemnity scheme Trattamento di Fine Rapporto (TFR) operated by the Italian group in accordance with Italian law, the employee benefit and retirement plan operated by MillenniumIT and the pension commitments of LCH.Clearnet group.

All schemes are governed by the local regulatory framework and employment laws in the country in which they operate.

The Company has no retirement benefit obligations.

The only schemes operated by FTSE International and Frank Russell Company are defined contribution schemes.

Defined benefit schemes

The LSEG UK defined benefit scheme was a non-contributory scheme and closed to new members in 1999. With effect from 31 March 2012, the scheme also closed to accrual of future benefits for active members and it has been agreed that the benefits for affected members will remain linked to their salary with the Group.

The defined benefit scheme operated by LCH.Clearnet was closed to new members from 30 September 2009. The scheme was closed to further employee contributions from 31 March 2013.

Pension scheme obligations and costs are determined by an independent qualified actuary on a regular basis using the projected unit credit method. The obligations are measured by discounting the best estimate of future cash flows to be paid out by the scheme and are reflected in the Group balance sheet.

The TFR operated by the Italian group is classified as an unfunded defined benefit scheme for funds accumulated prior to 1 July 2007. The service cost, representing deferred salaries accruing to employees, was included as an operating expense and was determined by law at 6.91% of salary payments subject to certain adjustments. The scheme obligation comprises accumulated service costs and is revalued by law at a rate equal to 75% of 'national life price index +1.5%' by an independent qualified actuary. Since 1 July 2007, the Group retains no obligation, as contributions are made directly into Italian state funds in the manner of a defined contribution scheme.

The employee benefit and retirement plan operated by MillenniumIT is classified as a defined benefit plan. The net obligation in respect of this plan is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Once an employee is continuously employed for more than 5 years, he or she is entitled to a payment equivalent to half a month's gross salary multiplied by the number of years in service at MillenniumIT.

Defined contribution schemes

The Group's defined contribution schemes are now the only schemes open to new employees in the Group. For the UK pension plan, a core contribution of 4 to 8% of pensionable pay is provided and the Group will match employee contributions up to a maximum of 6 to 10% of pensionable pay. LCH pays fixed contributions to the defined contribution scheme and there is no legal or constructive obligation to pay further contributions.

18. Retirement benefit obligations (Continued)

Amounts recognised in the income statement from continuing operations are as follows:

	Notes	Year ended 31 December 2015				Period ended 31 December 2014(1)			
		LSEG UK	LCH UK	Other plans	Total	LSEG UK	LCH UK	Other plans	Total
		£m	£m	£m	£m	£m	£m	Re-presented(1) £m	£m
Defined contribution schemes		**(2.7)**	**(5.4)**	**(6.4)**	**(14.5)**	(2.5)	(5.2)	(3.7)	(11.4)
Defined benefit scheme—current service cost and expenses		**(1.0)**	**(1.1)**	**(1.5)**	**(3.6)**	(0.5)	(0.1)	(0.1)	(0.7)
Total pension charge included in employee costs	6	**(3.7)**	**(6.5)**	**(7.9)**	**(18.1)**	(3.0)	(5.3)	(3.8)	(12.1)
Net finance (expense)/income	8	**(1.0)**	**0.6**	**(0.2)**	**(0.6)**	(0.8)	0.6	(0.3)	(0.5)
Total recognised in the income statement		**(4.7)**	**(5.9)**	**(8.1)**	**(18.7)**	(3.8)	(4.7)	(4.1)	(12.6)

(1) Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

Defined benefit assets/(obligations) for pension schemes

	31 December 2015				31 December 2014			
	LSEG UK	LCH UK	Other plans	Total	LSEG UK	LCH UK	Other plans	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Fair value of assets:								
Equities (quoted)	**6.7**	**93.6**	**—**	**100.3**	9.1	94.6	0.1	103.8
Bonds (quoted)	**116.9**	**102.5**	**0.4**	**219.8**	126.7	105.3	0.2	232.2
Property	**2.1**	**—**	**—**	**2.1**	0.8	—	0.1	0.9
Cash	**2.3**	**2.9**	**—**	**5.2**	6.2	7.3	0.1	13.6
Pensioner buy in policy	**167.0**	**—**	**—**	**167.0**	162.0	—	—	162.0
Foreign exchange	**—**	**—**	**—**	**—**	—	(5.4)	(0.1)	(5.5)
Total fair value of assets	**295.0**	**199.0**	**0.4**	**494.4**	304.8	201.8	0.4	507.0
Present value of funded obligations	**(323.5)**	**(173.8)**	**(12.5)**	**(509.8)**	(331.9)	(185.8)	(13.1)	(530.8)
(Deficit)/surplus	**(28.5)**	**25.2**	**(12.1)**	**(15.4)**	(27.1)	16.0	(12.7)	(23.8)

UK pension plan actuarial assumptions are set out below:

	Year ended 31 December 2015		Period ended 31 December 2014	
	LSEG UK	LCH UK	LSEG UK	LCH UK
Inflation rate—RPI	**3.1%**	**3.1%**	3.1%	3.1%
Inflation rate—CPI	**2.1%**	**2.1%**	2.1%	2.1%
Rate of increase in salaries	**3.1%**	**n/a**	3.1%	n/a
Rate of increase in pensions in payment	**3.4%**	**2.1%**	3.4%	2.2%
Discount rate	**3.9%**	**4.0%**	3.7%	3.7%
Life expectancy from age 60 (years)				
—Non-retired male member	**28.7**	**30.5**	28.6	30.4
—Non-retired female member	**30.6**	**32.9**	30.5	32.8
—Retired male member	**27.2**	**28.3**	27.1	28.1
—Retired female member	**29.3**	**30.5**	29.2	30.4

18. Retirement benefit obligations (Continued)

The mortality assumptions are based on the standard tables S1NA published by the Institute and Faculty of Actuaries adjusted to take account of projected future improvements in life expectancy from the Self Administered Pension Scheme (SAPS) mortality survey, which was published in 2008. We have used an allowance for CMI 2013 projections and applied a 1.25%/1.00% for male/female long term trend rate in respect of future mortality improvements.

Sensitivities

The sensitivities regarding the principal assumptions used to measure the LSEG UK scheme obligations are:

Assumption	Change in assumption	Impact on scheme obligations
Inflation rate (CPI)	Increase by 0.5%	Increase by £4.2m
Rate of increase in pensions payment	Increase by 0.5%	Increase by £21.5m
Discount rate	Increase by 0.5%	Reduce by £24.1m
Mortality rate	Increase by 1 year	Increase by £10.1m

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Changes in the present value of the defined benefit obligations during the year/period

	Year ended 31 December 2015				Period ended 31 December 2014			
	LSEG UK	LCH UK	Other plans	Total	LSEG UK	LCH UK	Other plans	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Benefit obligation as at beginning of year/period	**331.9**	**185.8**	**13.1**	**530.8**	300.6	153.0	13.4	467.0
Pension expense/(income):								
Current service cost	**—**	**—**	**1.8**	**1.8**	—	(0.2)	0.1	(0.1)
Interest cost	**12.1**	**6.8**	**0.2**	**19.1**	10.0	5.1	0.3	15.4
Subtotal included in the income statement	**12.1**	**6.8**	**2.0**	**20.9**	10.0	4.9	0.4	15.3
Re-measurement (gains)/losses:								
Actuarial (gains)/losses—financial assumptions	**(10.6)**	**(15.6)**	**(1.1)**	**(27.3)**	30.6	31.7	1.1	63.4
Actuarial gains—demographic assumptions	**—**	**—**	**—**	**—**	—	(3.2)	—	(3.2)
Actuarial losses/(gains)—experience	**0.7**	**—**	**(0.1)**	**0.6**	(2.1)	—	(0.2)	(2.3)
Other actuarial movements through the income statement	**—**	**—**	**(0.1)**	**(0.1)**	—	—	0.1	0.1
Subtotal included in other comprehensive income	**(9.9)**	**(15.6)**	**(1.3)**	**(26.8)**	28.5	28.5	1.0	58.0
Benefits paid	**(10.6)**	**(2.8)**	**(0.6)**	**(14.0)**	(7.2)	(1.8)	(1.1)	(10.1)
Foreign exchange	**—**	**(0.4)**	**(0.7)**	**(1.1)**	—	1.2	(0.6)	0.6
Benefit obligation as at end of year/period	**323.5**	**173.8**	**12.5**	**509.8**	331.9	185.8	13.1	530.8

18. Retirement benefit obligations (Continued)

Movement in fair value of scheme assets during the year/period

	Year ended 31 December 2015				Period ended 31 December 2014			
	LSEG UK	LCH UK	Other plans	Total	LSEG UK	LCH UK	Other plans	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Fair value of scheme assets as at beginning of year/period	**304.8**	**201.8**	**0.4**	**507.0**	276.7	167.5	0.4	444.6
Pension income:								
Interest income	**11.1**	**7.4**	**—**	**18.5**	9.2	5.7	—	14.9
Subtotal included in the income statement	**11.1**	**7.4**	**—**	**18.5**	9.2	5.7	—	14.9
Re-measurement gains:								
Return on plan assets, excluding interest income	**(11.9)**	**(7.1)**	**—**	**(19.0)**	23.1	29.3	—	52.4
Subtotal included in other comprehensive income	**(11.9)**	**(7.1)**	**—**	**(19.0)**	23.1	29.3	—	52.4
Contributions by employer	**2.6**	**0.1**	**—**	**2.7**	3.5	0.5	0.2	4.2
Expenses	**(1.0)**	**—**	**—**	**(1.0)**	(0.5)	(0.2)	—	(0.7)
Benefits paid	**(10.6)**	**(2.8)**	**—**	**(13.4)**	(7.2)	(1.8)	(0.2)	(9.2)
Foreign exchange	**—**	**(0.4)**	**—**	**(0.4)**	—	0.8	—	0.8
Fair value of scheme assets as at end of year/period	**295.0**	**199.0**	**0.4**	**494.4**	304.8	201.8	0.4	507.0

The actual loss on plan assets was £0.5 million (period ended 31 December 2014: gain £67.2 million).

Defined benefit actuarial gains and losses recognised

The experience adjustments and the effects of changes in actuarial assumptions of the pension scheme during the year are recognised in the statement of comprehensive income:

	Year ended 31 December 2015			Period ended 31 December 2014		
	LSEG UK	LCH UK	Other plans	LSEG UK	LCH UK	Other plans
	£m	£m	£m	£m	£m	£m
Recognised up to beginning year/period	**(33.3)**	**7.2**	**(1.5)**	(27.9)	6.6	(0.7)
Net actuarial (loss)/gain recognised in the year/period	**(2.0)**	**8.5**	**1.3**	(5.4)	0.6	(0.8)
Cumulative amount recognised at end of year/period	**(35.3)**	**15.7**	**(0.2)**	(33.3)	7.2	(1.5)

The last actuarial valuation of the defined benefit scheme was carried out as at 31 March 2012 by an independent qualified actuary. The Group is currently in discussion on the preliminary results of the valuation as at 31 March 2015 and the related schedule of contributions. The actuarial valuation as at 31 March 2015 may result in an adjustment to future contribution levels.

The Group estimates the present value of the duration of defined benefit obligations on average to fall due over 20 years.

19. Trade and other receivables

	Note	Group 31 December 2015 £m	Group 31 December 2014 (revised) £m	Company 31 December 2015 £m	Company 31 December 2014 £m
Trade receivables		**178.6**	152.8	**—**	—
Less: provision for impairment of receivables		**(6.7)**	(5.0)	**—**	—
Trade receivables—net		**171.9**	147.8	**—**	—
Amounts due from Group undertakings	33	**—**	—	**547.9**	653.8
Amounts due from associates		**0.2**	—	**—**	—
Other receivables		**46.2**	178.9	**0.9**	—
Prepayments and accrued income		**113.0**	253.5	**1.4**	0.6
		331.3	580.2	**550.2**	654.4

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values.

Trade receivables that are not past due are not considered to be impaired.

The ageing of past due debtors for the Group is as follows:

	31 December 2015 Impaired £m	31 December 2015 Not impaired £m	31 December 2014 Impaired £m	31 December 2014 Not impaired £m
0 to 3 months past due	**0.6**	**12.3**	—	50.5
Greater than 3 months past due	**6.1**	**16.0**	5.0	35.1
	6.7	**28.3**	5.0	85.6

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	31 December 2015 £m	31 December 2014 (revised) £m
Sterling	**126.7**	155.5
Euro	**79.6**	101.0
US Dollar	**108.3**	310.3
Other Currencies	**16.7**	13.4
	331.3	580.2

Movements on the Group provision for impairment of trade receivables are as follows:

	31 December 2015 £m	31 December 2014 £m
1 January 2015/1 April 2014	**5.0**	5.2
Provision for receivables impairment	**3.0**	2.2
Receivables written off during the year/period as uncollectible	**(1.1)**	(0.4)
Provisions no longer required	**—**	(1.9)
Foreign exchange	**(0.2)**	(0.1)
31 December	**6.7**	5.0

The creation and release of the provision for impaired receivables have been included in operating expenses in the income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

19. Trade and other receivables (Continued)

The other classes within trade and other receivables and the other categories of financial assets do not contain impaired assets.

20. Financial assets and financial liabilities

Financial instruments by category

The financial instruments of the Group and Company are categorised as follows:

	Group					Company		
31 December 2015	**Loans and receivables**	**Held-to-maturity assets**	**Available for sale at fair value through OCI**	**Financial instruments at fair value through profit or loss**	**Total**	**Loans and receivables**	**Financial instruments at fair value through profit or loss**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Assets as per balance sheet								
Financial assets of the CCP clearing business:								
—CCP trading assets	—	—	—	273,531.5	**273,531.5**	—	—	**—**
—Receivables for repurchase transactions	127.603.0	—	—	—	**127,603.0**	—	—	**—**
—Other receivables from clearing members	7,119.5	—	—	—	**7,119.5**	—	—	**—**
—Financial assets	—	102.4	10,038.3	9,849.6	**19,990.3**	—	—	**—**
—Cash and cash equivalents of clearing members	28.444.2	—	—	—	**28,444.2**	—	—	**—**
Financial assets of the CCP clearing business	163,166.7	102.4	10,038.3	283,381.1	**456,688.5**	—	—	**—**
Assets held at fair value	—	—	—	1.4	**1.4**	—	—	**—**
Total financial assets for CCP clearing business	163,166.7	102.4	10,038.3	283,382.5	**456,689.9**	—	—	**—**
Other non-current assets	46.0	—	—	—	**46.0**	—	—	**—**
Trade and other receivables	331.3	—	—	—	**331.3**	550.2	—	**550.2**
Cash and cash equivalents	923.9	—	—	—	**923.9**	0.9	—	**0.9**
Assets held at fair value	—	—	8.5	—	**8.5**	—	—	**—**
Available for sale financial assets	—	—	61.0	—	**61.0**	—	—	**—**
Derivatives not designated as hedges								
—Foreign exchange forward contracts	—	—	—	0.4	**0.4**	—	—	**—**
Derivatives used for hedging								
Net investment hedges:								
—Cross currency interest rate swaps	—	—	—	47.5	**47.5**	—	47.5	**47.5**
Total	**164,467.9**	**102.4**	**10,107.8**	**283,430.4**	**458,108.5**	**551.1**	**47.5**	**598.6**

20. Financial assets and financial liabilities (Continued)

There were no transfers between categories during the year.

31 December 2015	Group			Company		
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Total	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Total
	£m	£m	£m	£m	£m	£m
Liabilities as per balance sheet						
Financial liabilities of the CCP clearing business:						
—CCP trading liabilities	—	273,531.5	**273,531.5**	—	—	**—**
—Liabilities under repurchase transactions	127,603.1	—	**127,603.1**	—	—	**—**
—Other payables to clearing members	55,528.4	—	**55,528.4**	—	—	**—**
—Financial liabilities held at fair value	—	0.3	**0.3**	—	—	**—**
Total financial liabilities of the CCP clearing business	183,131.5	273,531.8	**456,663.3**	—	—	**—**
Trade and other payables	452.4	—	**452.4**	201.9	—	**201.9**
Borrowings	1,608.9	—	**1,608.9**	885.1	—	**885.1**
Provisions	10.8	—	**10.8**	—	—	**—**
Other non-current liabilities	33.8	31.5	**65.3**	—	—	**—**
Other non-current payables	43.5	—	**43.5**	—	—	**—**
Total	**185,280.9**	**273,563.3**	**458,844.2**	**1,087.0**	**—**	**1,087.0**

There were no transfers between categories during the year.

20. Financial assets and financial liabilities (Continued)

The financial instruments of the Group and Company at the previous year's balance sheet date were as follows:

31 December 2014	Group					Company		
	Loans and receivables	Held-to-maturity assets	Available for sale at fair value through OCI	Financial instruments at fair value through profit or loss	Total	Loans and receivables	Financial instruments at fair value through profit or loss	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Assets as per balance sheet								
Financial assets of the CCP clearing business:								
—CCP trading assets	—	—	—	293,722.9	293,722.9	—	—	—
—Receivables for repurchase transactions	113,084.8	—	—	—	113.084.8	—	—	—
—Other receivables from clearing members	2,908.3	—	—	—	2,908.3	—	—	—
—Financial assets	—	306.1	10,806.8	9,123.9	20,236.8	—	—	—
—Cash and cash equivalents of clearing members	21,493.0	—	—	—	21,493.0	—	—	—
Financial assets of the CCP clearing business	137,486.1	306.1	10,806.8	302,846.8	451,445.8	—	—	—
Assets held at fair value	—	—	—	12.4	12.4	—	—	—
Total financial assets for CCP clearing business	137,486.1	306.1	10,806.8	302,859.2	451,458.2	—	—	—
Other non-current assets	42.9	—	—	21.9	64.8	—	—	—
Trade and other receivables (revised)	576.6	—	—	3.6	580.2	654.4	—	654.4
Cash and cash equivalents	1,052.0	—	—	75.2	1,127.2	0.2	—	0.2
Available for sale financial assets	—	—	4.8	—	4.8	—	—	—
Derivatives not designated as hedges								
—Foreign exchange forward contracts	—	—	—	0.4	0.4	—	—	—
Derivatives used for hedging								
Net investment hedges:								
—Cross currency interest rate swaps	—	—	—	22.7	22.7	—	22.7	22.7
Total	139,157.6	306.1	10,811.6	302,983.0	453,258.3	654.6	22.7	677.3

20. Financial assets and financial liabilities (Continued)

Balances on available for sale at fair value through OCI in the prior period, included £306.1 million of government issued bonds, which were held to maturity. These have been re-classified in the current year.

	Group			Company		
31 December 2014	**Financial liabilities at amortised cost**	**Financial liabilities at fair value through profit and loss**	**Total**	**Financial liabilities at amortised cost**	**Financial liabilities at fair value through profit and loss**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Liabilities as per balance sheet						
Financial liabilities of the CCP clearing business:						
—CCP trading liabilities	—	293,722.8	293,722.8	—	—	—
—Liabilities under repurchase transactions	113,084.8	—	113,084.8	—	—	—
—Other payables to clearing members	44,650.1	—	44,650.1	—	—	—
—Financial liabilities held at fair value	—	9.8	9.8	—	—	—
Total financial liabilities of the CCP clearing business	157,734.9	293,732.6	451,467.5	—	—	—
Trade and other payables	727.4	—	727.4	195.0	—	195.0
Borrowings	1,726.4	—	1,726.4	923.7	—	923.7
Provisions	14.4	—	14.4	—	—	—
Other non—current liabilities	43.1	34.4	77.5	—	—	—
Other non—current payables	73.3	—	73.3	—	—	—
Total	160,319.5	293,767.0	454,086.5	1,118.7	—	1,118.7

There were no transfers between categories during the prior period.

20. Financial assets and financial liabilities (Continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 31 December 2015:

	Group			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
	£m	£m	£m	£m
Financial assets measured at fair value:				
CCP trading assets				
Derivative instruments:				
—Futures	6,546.1	—	—	**6,546.1**
—Options	1,355.0	—	—	**1,355.0**
—Commodities derivatives	42.8	—	—	**42.8**
Non—derivative instruments:				
—CCP transactions	5.0	265,582.6	—	**265,587.6**
Financial assets:				
—Equities and bonds	9,851.0	—	—	**9,851.0**
—Securities	6,605.4	—	—	**6,605.4**
—Government backed, bank issue certificates of deposits	3,432.9	—	—	**3,432.9**
Fair value of transactions with CCP members	27,838.2	265,582.6	—	**293,420.8**
Assets held at fair value:				
—Government bonds	—	8.5	—	**8.5**
Available for sale financial assets:				
—Investment in unquoted equity—Euroclear	—	4.8	—	**4.8**
—Government bonds	—	56.2	—	**56.2**
Derivatives not used for hedging:				
—Foreign exchange forward contracts	—	0.4	—	**0.4**
Derivatives used for hedging:				
—Cross currency interest rate swaps	—	47.5	—	**47.5**

20. Financial assets and financial liabilities (Continued)

At 31 December 2015, the Company had derivative assets of £47.5 million (31 December 2014: £22.7 million). All derivatives in the Company are cross currency interest rate swaps and classified as Level 2.

	Group			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
	£m	£m	£m	£m
Financial liabilities measured at fair value:				
CCP trading liabilities				
Derivative instruments:				
—Futures	6,546.1	—	—	**6,546.1**
—Options	1,355.0	—	—	**1,355.0**
—Commodities derivatives	42.8	—	—	**42.8**
Non-derivative instruments:				
—CCP balances	4.9	265,582.7	—	**265,587.6**
Financial liabilities held at fair value:				
—Equities and bonds	0.3	—	—	**0.3**
Fair value of transactions with CCP members	**7,949.1**	**265,582.7**	**—**	**273,531.8**
Other non-current liabilities:				
—Canadian dollar denominated Put Option	—	24.0	—	**24.0**
—Euro denominated Put Option	—	7.5	—	**7.5**

20. Financial assets and financial liabilities (Continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 31 December 2014:

	Group			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
	£m	£m	£m	£m
Financial assets measured at fair value:				
CCP trading assets				
Derivative instruments:				
—Futures	3,715.9	—	—	**3,715.9**
—Options	1,184.3	—	—	**1,184.3**
—Commodities derivatives	138.4	—	—	**138.4**
Non—derivative instruments:				
—CCP transactions	5.7	288,678.6	—	**288,684.3**
Financial assets:				
—Equities and bonds	6,957.8	—	—	**6,957.8**
—Securities	6,491.8	—	—	**6,491.8**
—Government backed, bank issued certificates of deposits	6,493.5	—	—	**6,493.5**
Fair value of transactions with CCP members	24,987.4	288,678.6	—	**313,666.0**
Available for sale financial assets:				
—Investment in unquoted equity—Euroclear	—	4.8	—	**4.8**
Derivatives not used for hedging:				
—Foreign exchange forward contracts	—	0.4	—	**0.4**
Derivatives used for hedging:				
—Cross currency interest rate swaps	—	22.7	—	**22.7**
Other non—current assets:				
—Investments in subordinated trust	—	11.9	—	**11.9**
—Investment Funds	—	2.7	5.3	**8.0**
—Investments in preferred securities	—	—	2.0	**2.0**
Trade and other receivables:				
—Investments in subordinated trusts	3.6	—	—	**3.6**
Cash and cash equivalents:				
—Money market mutual funds	75.2	—	—	**75.2**

20. Financial assets and financial liabilities (Continued)

Balances on government backed, bank issued certificates of deposits have been restated in the current year to exclude £306.1 million of government issued bonds held to maturity.

	Group			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
	£m	£m	£m	£m
Financial liabilities measured at fair value:				
CCP trading liabilities				
Derivative instruments:				
—Futures	3,715.9	—	—	**3,715.9**
—Options	1,184.3	—	—	**1,184.3**
—Commodities derivatives	138.4	—	—	**138.4**
Non-derivative instruments:				
—CCP balances	5.7	288,678.5	—	**288,684.2**
Financial liabilities held at fair value:				
—Equities and bonds	9.8	—	—	**9.8**
Fair value of transactions with CCP members	5,054.1	288,678.5	—	**293,732.6**
Other non-current liabilities:				
—Canadian dollar denominated Put Option	—	26.8	—	**26.8**
—Euro denominated Put Option	—	7.6	—	**7.6**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities classified as Level 1, the fair value is based on market price quotations at the reporting date.

For assets and liabilities classified as Level 2, the fair value is calculated using 1 or more valuation techniques (e.g. the market approach or the income approach) with market observable inputs. The selection of the appropriate valuation techniques may be affected by the availability of the relevant inputs as well as the reliability of the inputs. The inputs may include currency rates, interest rate and forward rate curves and net asset values. The results of the application of the various techniques may not be equally representative of fair value, due to factors such as assumptions made in the valuation.

There have been no transfers between Level 1 and Level 2 during the year or in the prior period.

When observable market data is not available, the Group uses 1 or more valuation techniques (e.g. the market approach or the income approach) for which sufficient and reliable data is available. These inputs used in estimating the fair value of Level 3 financial instruments include expected timing and level of future cash flows, timing of settlement, discount rates and net asset values of certain investments.

At the end of the prior period, the Group held investments in preferred securities and investment funds for which there was no active market. These interests, in the absence of a recent and relevant secondary market transaction, were classified as Level 3 because the valuations required significant levels of management judgement. All interests in Level 3 investments were reclassified to assets held for sale of during the year. The Group had no Level 3 financial instruments at the end of the year.

20. Financial assets and financial liabilities (Continued)

There were no gains or losses from Level 3 assets and liabilities for the year recognised in the income statement and in the statement of other comprehensive income.

The following table provides a reconciliation from opening balance to closing balance of Level 3 assets:

	Investment funds	Investment in preferred securities
	£m	£m
Balance at 1 January 2015	5.3	2.0
Reclassified to assets held for sale	(5.3)	(2.0)
Balance at 31 December 2015	—	—

With the exception of Group borrowings, management has assessed that the fair value of financial assets and financial liabilities categorised as 'Loans and receivables', 'Held to Maturity' and 'Financial liabilities at amortised cost' approximate their carrying values. The fair value of the Group's borrowings is disclosed in Note 24.

The Group's financial assets and liabilities held at fair value consist largely of securities restricted in use for the operations of the Group's CCPs as managers of their respective clearing and guarantee systems. The nature and composition of the CCP clearing business assets and liabilities are explained in the accounting policies section in Note 1.

As at 31 December 2015, there were no provisions for impairment in relation to any of the CCP financial assets (31 December 2014: nil) and none of these assets were past due (31 December 2014: nil).

Other non-current assets include financial instruments at fair value through profit and loss of nil (31 December 2014: £21.9 million), prepayments relating to tax and insurances of £42.5 million (31 December 2014: £35.4 million), rental deposits of £0.8 million (31 December 2014: £0.4 million), deferred commissions of nil (31 December 2014: £1.3 million), finance lease recoverable of £1.9 million (31 December 2014: £1.9 million) and other financial assets are £0.8 million (31 December 2014: £3.9 million).

Other non-current liabilities include deferred consideration of £17.1 million (31 December 2014: £15.9 million), put options of £31.5 million (31 December 2014: £34.4 million), non-current lease obligations of nil (31 December 2014: £5.1 million), rental deposits of £2.8 million (31 December 2014: nil) and other financial liabilities related to the clearing business of £13.9 million (31 December 2014: £22.1 million).

Other non-current payables included incentive compensation liabilities of £40.7 million (31 December 2014: £31.7 million), deferred compensation of nil (31 December 2014: £12.9 million), tax liabilities of £2.7 million (31 December 2014: £3.0 million) and long term liabilities including tenant improvements and rentals of £0.1 million (31 December 2014: £25.7 million).

Hedging activities and derivatives

Derivative financial assets of £47.5 million represents the fair value of the cross currency interest rate swaps (amounting to 10 contracts totalling €500.0 million notional). These effectively exchange some of the obligations and coupons of the 2016 and the 2019 £250.0 million bonds from Sterling into Euros in order to more closely match the currency of borrowings to the Group's currency of net assets and earnings. This results in a reduction in translation exposure on Euro denominated net assets and the protection of Sterling cash flows. These swaps have been designated as a hedge of the Group's net investment in the Italian group and qualify for effective hedge accounting. For the year ended 31 December 2015, the Group recognised the £24.8 million movement in mark to market value of these derivatives in reserves (period ended 31 December 2014: £20.0 million).

Foreign exchange forward contracts were arranged during the year to hedge the fair value of Euro, USD and JPY denominated exposures. These hedges forward buy and sell payables and receivables denominated in Euro, USD and JPY, with the mark to market adjustments offsetting the hedged item

20. Financial assets and financial liabilities (Continued)

revaluation in the income statement. This also offers more predictable cash flows to the Group at maturity. At 31 December 2015, payables of €17 million (31 December 2014: nil) and US$28.5 million (31 December 2014: US$12.7 million) and receivables of JPY4.2 billion (31 December 2014: JPY4.2 billion) were hedged forward into the next financial year. The market value of the hedges was £0.4 million (31 December 2014: £0.4 million) in aggregate.

21. Offsetting financial assets and financial liabilities

The Group reports financial assets and financial liabilities on a net basis on the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

The following table shows the impact of netting arrangements on all financial assets and liabilities that are reported net on the balance sheet as at 31 December 2015.

31 December 2015	Gross amounts	Amount offset	Net amount as reported
	£m	£m	£m
Derivative financial assets	1,619,842.3	(1,617,730.3)	2,112.0
Reverse repurchase agreements	434,753.9	(171,278.6)	263,475.3
Total assets	**2,054,596.2**	**(1,789,008.9)**	**265,587.3**
Derivative financial liabilities	(1,614,067.0)	1,611,955.0	(2,112.0)
Reverse repurchase agreements	(434,753.9)	171,278.6	(263,475.3)
Total liabilities	**(2,048,820.9)**	**1,783,233.6**	**(265,587.3)**

The impact of netting arrangements on all financial assets and liabilities that are reported net on the balance sheet as at 31 December 2014 is as follows:

31 December 2014	Gross amounts(1)	Amount offset(1)	Net amount as reported
	£m	£m	£m
Derivative financial assets	3,180,302.5	(3,179,055.5)	1,247.0
Reverse repurchase agreements	459,908.4	(172,469.5)	287,438.9
Total assets	3,640,210.9	(3,351,525,0)	288,685.9
Derivative financial liabilities	(3,180,302.5)	3,179,055.5	(1,247.0)
Reverse repurchase agreements	(459,908.4)	172,469.5	(287,438.9)
Total liabilities	(3,640,210.9)	3,351,525.0	(288,685.9)

(1) Gross amounts and amounts offset in relation to derivative financial assets and liabilities have been amended from those previously reported as at 31 December 2014. As a result, there has been no impact to the net amount reported in the balance sheet, amounts reported in the income statement, cash flow statement or any other disclosures in the financial statements.

All offset amounts are held in the CCP trading assets and CCP trading liabilities within the Group's financial instruments.

As CCPs, the Group's operating companies sit in the middle of members' transactions and hold default funds and margin amounts as a contingency against the default of a member. As such, further amounts are available to offset in the event of a default reducing the asset and liability of £265,587.3 million (31 December 2014: £288,685.9 million) to nil. Default funds for derivatives of £3,860.0 million (31 December 2014: £5,689.8 million), repurchase agreements of £1,481.9 million (31 December 2014: £1,452.3 million) and other transactions of £197.5 million (31 December 2014: £312.6 million) are held by the Group. In addition, the Group holds margin of €71,158.0 million (31 December 2014: €49,400.6 million) for derivatives, €29,424.0 million (31 December 2014: €22,249.2 million) for repurchase agreements and €3,080.0 million (31 December 2014: €2,305.4 million) for other transactions, as well as additional variation margin amounts which are not allocated by business line.

21. Offsetting financial assets and financial liabilities (Continued)

Included within member assets and liabilities are £277.5 million (31 December 2014: nil) and £83.1 million (31 December 2014: nil) respectively in relation to contracts where changes in net present value have settled to market (available for members to opt in with effect from December 2015).

22. Cash and cash equivalents

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£m	£m	£m	£m
Cash at bank	**359.0**	929.7	**0.9**	0.2
Short term deposits	**564.9**	197.5	**—**	—
	923.9	1,127.2	**0.9**	0.2

Cash and cash equivalents are held with authorised counterparties of a high credit standing, in secured investments at LCH.Clearnet Group companies and at CC&G and unsecured interest bearing current and call accounts, short term deposits and AAA rated money market funds elsewhere in the Group. Management does not expect any losses from non—performance by the counterparties holding cash and cash equivalents, and there are no material differences between their book and fair values. Cash and cash equivalents do not include amounts held by certain subsidiaries on behalf of their clearing members, the use of which is restricted to the operation of the clearers as managers of the clearing and guarantee system (see note 20).

At 31 December 2015, cash and cash equivalents shown above include £719.1 million (31 December 2014: £1,011.3 million) of amounts held by regulated entities for regulatory and operational purposes. Total amounts set aside for regulatory and operational purposes include current assets held at fair value of £8.5 million (31 December 2014: nil), non—current assets held at fair value of £56.2 million (31 December 2014: nil) and amounts held in the Russell Investment Management business which is now reported as discontinued.

All amounts are subject to regular reviews with regulators in the UK, France, Italy and the USA.

23. Trade and other payables

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£m	£m	£m	£m
Trade payables	**39.4**	261.7	**—**	—
Amounts owed to Group undertakings	**—**	—	**176.5**	163.7
Social security and other taxes	**19.3**	27.1	**0.3**	0.1
Other payables	**189.8**	153.8	**14.0**	0.7
Accruals and deferred income	**247.4**	358.1	**11.1**	30.5
	495.9	800.7	**201.9**	195.0
Current	**452.4**	727.4	**201.9**	195.0
Non-current	**43.5**	73.3	**—**	—
	495.9	800.7	**201.9**	195.0

24. Borrowings

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£m	£m	£m	£m
Current				
Bank borrowings and trade finance loans	**680.0**	789.9	**88.4**	127.0
Bonds	**250.2**	—	**250.2**	—
	930.2	789.9	**338.6**	127.0
Non-current				
Bonds	**546.5**	796.7	**546.5**	796.7
Preferred securities	**132.2**	139.8	**—**	—
	678.7	936.5	**546.5**	796.7

The Group has the following committed bank facilities and unsecured notes:

Type	Expiry Date	Notes/Facility	Carrying value at 31 December 2015	Interest rate percentage at 31 December 2015
		£m	£m	%
Drawn value of Facilities				
Multi-currency revolving credit facility	Jun 2017	600.0	**530.7**	LIBOR + 0.6
Multi-currency revolving credit facility	Nov 2020	600.0	**149.3**	LIBOR + 0.45
Total Bank Facilities		1,200.0	**680.0**	
Bonds due July 2016	Jul 2016	250.0	**250.2**	5.875
Bonds due October 2019	Oct 2019	250.0	**248.6**	9.125
Bonds due November 2021	Nov 2021	300.0	**297.9**	4.75
LCH.Clearnet Preferred Securities	May 2017	147.4	**132.2**	6.576
Total Bonds		947.4	**928.9**	
Total Committed Facilities		2,147.4	**1,608.9**	

The carrying value of bank drawn facilities and bonds at 31 December 2014 was £789.1 million and £936.5 million, respectively.

Current borrowings

The Group arranged £600 million of new, committed facilities in November 2015 to replace existing facilities of £700 million. The resulting committed bank lines total £1,200 million. These facilities were partially utilised at 31 December 2015 with £680.0 million (31 December 2014: £789.1 million) drawn which includes £1.7 million of deferred arrangement fees.

In July 2006, the Company issued a £250 million bond which is unsecured and is due for repayment in July 2016. Interest is paid semi-annually in arrears in January and July each year. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on movements in the Company's credit rating with Moody's which improved 1 notch to Baal during the financial year. The bond coupon consequently reduced from 6.125% per annum to 5.875% per annum during this year.

In addition, a number of Group entities have access to uncommitted operational, money market and overdraft facilities which support post trade activities and day to day liquidity requirements across its operations. The aggregate drawings against these facilities as at 31 December 2015 was nil (31 December 2014: £0.8 million).

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements in the event of a market stress or participant failure. In addition, it has arranged back-up credit lines with a number of commercial banks, which totaled €420 million at 31 December 2015

24. Borrowings (Continued)

(31 December 2014: €400 million), for overnight and longer durations to broaden its liquidity resources consistent with requirements under the European Markets Infrastructure Regulation (EMIR).

LCH.Clearnet SA has a French banking licence and is able to access refinancing at the European Central Bank to support its liquidity position. LCH.Clearnet Limited is deemed to have sufficient fungible liquid assets to maintain an appropriate liquidity position and, following the announcement by the Bank of England on 5 November 2014, is eligible to apply for participation in the sterling monetary framework to further support the CCP in member or market stress scenarios.

Non-current borrowings

In June 2009, the Company issued a £250 million bond which is unsecured and is due for repayment in October 2019. Interest is paid semi-annually in arrears in April and October each year. The issue price of the bond was £99.548 per £100 nominal. The coupon on the bond is dependent on the Company's credit ratings with Moody's and Standard & Poor's. The bond coupon remained at 9.125% per annum throughout the financial period.

In November 2012, the Company issued a £300 million bond under its euro medium term notes programme (launched at the same time) which is unsecured and is due for repayment in November 2021. Interest is paid semi-annually in arrears in May and November each year. The issue price of the bond was £100 per £100 nominal. The coupon on the bond is fixed at 4.75% per annum.

In May 2007, LCH.Clearnet Group Limited issued through Freshwater Finance plc a €200 million of Perpetual Preferred Securities to underpin its capital structure. €20 million of these Securities were subsequently repurchased in the market by LCH.Clearnet Group Limited. The coupon on these Securities is currently a fixed rate of 6.576% per annum and interest is paid annually. In May 2017, this coupon will be replaced by a rate of 3 month Euribor plus 2.1% per annum, and is the trigger point for a first call of the Securities.

Fair values

The fair values of the Group's borrowings are as follows:

Group	31 December 2015		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m
Borrowings				
—within 1 year	**930.2**	**935.7**	789.9	789.9
—after more than 1 year	**678.7**	**772.6**	936.5	1,067.8
	1,608.9	**1,708.3**	1,726.4	1,857.7

The fair values of the Company's borrowings are as follows:

Company	31 December2015		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m
Borrowings				
—within 1 year	**338.5**	**344.0**	127.0	127.0
—after more than 1 year	**546.6**	**637.4**	796.7	920.0
	885.1	**981.4**	923.7	1,047.0

Borrowings are classified as Level 2 in the Group's hierarchy for determining and disclosing the fair value of financial instruments. The fair values of borrowings are based on discounted cash flows using a rate based on borrowing cost. Floating rate borrowings bear interest at an agreed margin over LIBOR.

24. Borrowings (Continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Currency	31 December 2015 Drawn	31 December 2015 Swapped	31 December 2015 Effective	31 December 2014 Drawn	31 December 2014 Swapped	31 December 2014 Effective
	£m	£m	£m	£m	£m	£m
Sterling	**885.1**	**(368.5)**	**516.6**	923.7	(389.5)	534.2
Euro	**132.2**	**368.5**	**500.7**	140.1	389.5	529.6
USD	**591.6**	**—**	**591.6**	662.1	—	662.1
Sri Lankan Rupees	**—**	**—**	**—**	0.5	—	0.5
Total	**1,608.9**	**—**	**1,608.9**	1,726.4	—	1,726.4

The carrying amounts of the Company's borrowings are denominated in the following currencies:

Currency	31 December 2015 Drawn	31 December 2015 Swapped	31 December 2015 Effective	31 December 2014 Drawn	31 December 2014 Swapped	31 December 2014 Effective
	£m	£m	£m	£m	£m	£m
Sterling	**885.1**	**(368.5)**	**516.6**	923.7	(389.5)	534.2
Euro	**—**	**368.5**	**368.5**	—	389.5	389.5
Total	**885.1**	**—**	**885.1**	923.7	—	923.7

25. Analysis of net debt

	Group 31 December 2015	Group 31 December 2014	Company 31 December 2015	Company 31 December 2014
	£m	£m	£m	£m
Due within 1 year				
Cash and cash equivalents	**923.9**	1,127.2	**0.9**	0.2
Bank borrowings	**(680.0)**	(789.9)	**(88.4)**	(127.0)
Bonds	**(250.2)**	—	**(250.2)**	—
Derivative financial assets	**25.5**	0.4	**25.0**	—
	19.2	337.7	**(312.7)**	(126.8)
Due after 1 year				
Bonds	**(546.5)**	(796.7)	**(546.5)**	(796.7)
Preferred securities	**(132.2)**	(139.8)	**—**	—
Derivative financial assets	**22.4**	22.7	**22.4**	22.7
Total net debt	**(637.1)**	(576.1)	**(836.8)**	(900.8)

25. Analysis of net debt (Continued)

Reconciliation of net cash flow to movement in net debt

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£m	£m	£m	£m
Increase in cash in the year/period	**90.2**	254.5	**0.7**	0.2
Bank loan repayments less new drawings	**143.5**	(519.9)	**38.7**	(101.0)
Change in net debt resulting from cash flows	**233.7**	(265.4)	**39.4**	(100.8)
Foreign exchange movements	**(67.0)**	(29.4)	**(0.1)**	(0.2)
Movement on derivative financial assets and liabilities	**24.8**	23.8	**24.7**	20.0
Bond valuation adjustment	**—**	0.1	**—**	0.1
Reclassification to assets held for sale	**(252.5)**	—	**—**	—
Net debt at the start of the year/period	**(576.1)**	(305.2)	**(900.8)**	(819.9)
Net debt at the end of the year/period	**(637.1)**	(576.1)	**(836.8)**	(900.8)

26. Share capital and premium

Ordinary shares issued and fully paid

	Number of shares	Ordinary shares(1)	Share premium	Total
	millions	£m	£m	£m
At 1 April 2014	271.1	18.8	—	18.8
Issue of shares to the Employee Benefit Trust	1.5	0.1	—	0.1
Rights issue	74.3	5.0	957.7	962.7
At 31 December 2014	346.9	23.9	957.7	981.6
Issue of shares	**1.0**	**0.1**	**—**	**0.1**
Issue of shares to the Employee Benefit Trust	**0.4**	**—**	**2.3**	**2.3**
At 31 December 2015	**348.3**	**24.0**	**960.0**	**984.0**

(1) Ordinary Shares of $6\frac{79}{86}$p

In the current year, the Group issued 1,000,000 ordinary shares (period ended 31 December 2014: 1,500,000 ordinary shares) at par value $6\frac{79}{86}$ pence to the Employee Benefit Trust in relation to the Group's employee share option schemes.

In addition, the Group issued 419,602 ordinary shares of par value $6\frac{79}{86}$ pence at 564.663 pence to settle employee 'Save As You Earn' share plans. This generated a premium of £2.3 million.

In the prior period, the Group announced a 3 for 11 Rights Issue on 22 August 2014 in relation to the acquisition of the Frank Russell Company. The Rights Issue took place on 11 September 2014 and constituted 74,347,813 new ordinary shares of par value $6\frac{79}{86}$ pence at 1,295 pence. This generated share premium of £957.7 million. The new ordinary shares issued during the Rights Issue have the same rights as the other shares in issue.

27. Provisions

Group	Property	Other	Total
	£m	£m	£m
1 January 2015	14.4	—	**14.4**
Utilised during the year	(1.1)	—	**(1.1)**
Unwinding of discount on provision	1.2	—	**1.2**
Provisions no longer required	(3.5)	—	**(3.5)**
Additional charge in the year	—	0.9	**0.9**
Reclassification to liabilities directly associated with assets held for sale	(0.8)	(0.3)	**(1.1)**
31 December 2015	10.2	0.6	**10.8**
Current	0.9	0.6	**1.5**
Non-current	9.3	—	**9.3**
31 December 2015	10.2	0.6	**10.8**

The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub-letting space which is surplus to business requirements. The leases have between 1 and 13 years to expiry.

Other provisions primarily include legal provisions in relation to ongoing disputes with third parties and other claims against the Group. These claims are expected to be settled in the next financial gear.

The Company has no provisions.

28. Net cash flow generated from operations

		Group		Company	
	Notes	Year ended 31 December 2015	Period ended 31 December 2014	Year ended 31 December 2015	Period ended 31 December 2014
		£m	£m	£m	£m
Profit before taxation		**433.7**	191.0	**46.5**	166.0
Depreciation and amortisation		**217.4**	136.3	**—**	—
Profit on disposal of investment in a subsidiary	10	**(19.9)**	(0.1)	**—**	—
Net finance expense/(income)	8,10	**66.2**	51.1	**(91.2)**	(128.5)
Increase/(decrease) in inventories		**2.7**	(5.9)	**—**	—
Decrease/(increase) in trade and other receivables		**104.2**	0.7	**153.2**	(3.7)
(Increase)/decrease in trade and other payables		**(19.2)**	(14.2)	**34.4**	10.4
Impairment of goodwill and intangibles	14	**1.0**	22.0	**—**	—
(Increase)/decrease in CCP financial assets		**(31,702.3)**	20,425.6	**—**	—
Increase/(decrease) in CCP clearing business liabilities		**31,649.4**	(20,380.1)	**—**	—
Decrease in assets held at fair value		**2.7**	5.0	**—**	—
Defined benefit pension obligation—contributions in excess of expenses charged		**(2.8)**	(3.1)	**—**	—
Provisions utilised during the year/period		**(4.6)**	(6.9)	**—**	—
Reduction in obligation arising from acquisition of business		**—**	(2.4)	**—**	—
Share scheme expense		**32.1**	4.2	**—**	—
Foreign exchange losses on operating activities		**(4.6)**	(9.8)	**(24.7)**	(13.7)
Purchase of investment funds		**(21.1)**	—	**—**	—
Gain on disposal of property, plant and equipment and assets held for sale		**(0.8)**	—	**—**	—
Cash generated from operations		**734.1**	413.4	**118.2**	30.5
Comprising:					
Ongoing operating activities		**803.7**	481.3	**159.9**	(4.1)
Non-recurring items		**(69.6)**	(67.9)	**(41.7)**	34.6
		734.1	413.4	**118.2**	30.5

29. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £0.9 million (period ended 31 December 2014: £1.9 million) and nil (period ended 31 December 2014: nil), respectively.

In the normal course of business, the Group and Company receive legal claims in respect of commercial, employment and other matters. Where a claim is more likely than not to result in an economic outflow of benefits from the Group or Company, a provision is made representing the expected cost of settling such claims.

30. Business combinations

Acquisitions in the year to 31 December 2015

The Group made 2 acquisitions in the year ended 31 December 2015.

Exactpro Systems Limited

On 29 May 2015, the Group acquired a 100% interest in Exactpro Systems Limited (Exactpro) for a total consideration of US$6.8 million (£4.3 million), comprising £2.2 million cash consideration and £2.1 million deferred consideration. The main activity of Exactpro is to provide quality assurance to exchanges, investment banks, brokers and other financial sector organisations worldwide. The provisional fair value of net assets acquired was £1.4 million and the Group recognised £2.9 million in goodwill; these fair values will be finalised within 12 months of the acquisition date.

The Group's consolidated income statement for the year includes revenue of £1.6 million and operating profit of £0.9 million in respect of the Exactpro business since the acquisition date.

If the acquisition had occurred on 1 January 2015, the estimated Group revenue for the year from continuing operations would have been £1,327.5 million, with operating profit (before amortisation of purchased intangible assets and non-recurring items) of £582.9 million. These amounts have been calculated using the Group's accounting policies and based on available information.

XTF Inc.

On 21 December 2015, the Group acquired the trade and assets from XTF Inc. (XTF) for consideration of US$1.5 million (£1.0 million). Cash consideration amounting to £0.7 million was paid to the seller in the year ended 31 December 2015, and an estimated £0.3 million is payable on completion of the purchase price exercise. XTF is a U.S. based provider of high-quality ETF data, analytics and ratings. The Group recognised provisional goodwill of £1.0 million and the provisional fair value of net assets acquired was nil. The fair values are preliminary and will be finalised within 12 months of the acquisition date. The post acquisition revenues and operating profit attributable to the XTF assets were not material to the Group. If the acquisition had occurred on 1 January 2015, the results of XTF would have had an immaterial impact on the Group's revenue and operating profit from continuing operations for the year ended 31 December 2015.

None of the goodwill in relation to the 2 acquisitions in the year is expected to be deductible for tax purposes.

Acquisitions in the period to 31 December 2014

The Group made 2 acquisitions during the period ended 31 December 2014.

Frank Russell Company

On 2 December 2014, the Group completed the acquisition of the entire issue share capital of Frank Russell Company (Russell). Russell operated in 2 segments, those being information services through its index business and investment management. The index business is a leading provider of benchmarks to US-focused equity funds and also provides customised and innovative index solutions for clients. The investment management business held US$273 billion assets under management at the end of December

30. Business combinations (Continued)

2014 and is a leading provider of multi-asset class investment solutions to institutional and retail investors worldwide.

The consideration paid by the Group at completion was £1,678.5 million comprising approximately £962.7 million financed from the net proceeds of a Rights Issue and the remaining financed in US dollars by the Group's multi-currency bank debt facilities, including a £600 million multi-currency revolving credit facility.

In the prior period, the Group recognised £476.0 million in provisional goodwill and the provisional fair value of net assets identified was £1,209.9 million, including £1,514.0 million of other intangibles assets.

Subsequent to the period ended 31 December 2014, the Group completed the exercise of attributing fair value adjustments to the assets and liabilities acquired from the Frank Russell Company. As a result, final fair value adjustments have been made to the previously presented provisional fair values at 31 December 2014 resulting in a reduction in the value of purchase consideration of £9.1 million and an increase in other receivables of £9.1 million. The impact of these final fair value adjustments is a decrease in goodwill of £9.1 million to amounts previously disclosed in our 31 December 2014 Annual Report and Interim Report 2015. These have been incorporated with effect from the date of acquisition and the comparative balance sheet and related notes have been revised to reflect these fair value adjustments.

Bonds.com Group

On 8 May 2014, the Group acquired 100% of Bonds.com Group, a US-based electronic trading platform for U.S. corporate and emerging market bonds for a consideration of £8.8 million. As at 31 December 2014, the Group recognised £8.7 million in goodwill and the fair value of net assets identified was £0.1 million.

The valuation on the acquisition of Bonds.com was finalised during the year ended 31 December 2015 and resulted in a reduction of goodwill of £2.6 million, an increase in purchased intangibles of £4.4 million and an increase in deferred tax liability of £1.8 million compared to amounts previously disclosed in our 31 December 2014 Annual Report and Interim Report 2015. The impact of these final fair value adjustments have been incorporated with effect from the date of acquisition and the comparative balance sheet and related notes have been revised.

31. Leases

Operating lease commitments—Group as lessee

The Group leases various office properties and equipment under non-cancellable operating leases. The total future minimum lease payments under non-cancellable operating leases are due as follows:

	Property		Equipment	
Leases expiring in:	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£m	£m	£m	£m
Less than 1 year	**25.4**	46.0	**0.1**	0.3
More than 1 year but less than 5 years	**85.8**	145.1	**—**	0.1
More than 5 years	**81.4**	120.0	**—**	—
	192.6	311.1	**0.1**	0.4

Operating lease payments of £25.8 million (31 December 2014: £20.6 million) were charged to the income statement in the year in relation to property and £0.6 million (31 December 2014: £0.7 million) in the year in relation to equipment.

31. Leases (Continued)

Operating lease commitments—Group as lessor

The total future minimum lease payments expected to be received under non-cancellable operating leases for property where the Group is lessor are due as follows:

Leases expiring in:	Property	
	31 December 2015	31 December 2014
	£m	£m
Less than 1 year	**6.6**	5.7
More than 1 year but less than 5 years	**25.0**	19.5
More than 5 years	**7.8**	4.1
	39.4	29.3

Finance lease commitments—Group as lessee

The Group has finance lease contracts for certain property rentals and software licenses. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Leases expiring in:	31 December 2015		31 December 2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	£m	£m	£m	£m
Less than 1 year	**0.2**	**0.2**	6.1	5.8
More than 1 year but less than 5 years	**—**	**—**	5.3	5.2
Total minimum lease payments	**0.2**	**0.2**	11.4	11.0
Less amounts representing finance charges	**—**	**—**	(0.4)	—
Present value of minimum lease payments	**0.2**	**0.2**	11.0	11.0

The Company has no lease commitments.

Finance lease commitments—Group as lessor

The Group has finance lease contracts for certain property rentals and software licenses. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Leases expiring in:	31 December 2015		31 December 2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	£m	£m	£m	£m
Less than 1 year	**0.7**	**0.6**	0.7	0.6
More than 1 year but less than 5 years	**1.5**	**1.4**	2.3	2.1
More than 5 years	**—**	**—**	—	—
Total minimum lease payments	**2.2**	**2.0**	3.0	2.7
Less amounts representing finance charges	**(0.2)**	**—**	(0.3)	—
Present value of minimum lease payments	**2.0**	**2.0**	2.7	2.7

The Company has no lease commitments.

32. Share Schemes

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2015 AGM, has 2 elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in the Company's shares—the latter element is not applicable

32. Share Schemes (Continued)

to Executive Directors. Vesting of these awards is dependent upon the Company's total shareholder return performance and adjusted basic earnings per share. Further details are provided in the Remuneration Report on pages 70–87.

The SAYE scheme and International Sharesave Plan provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20% below fair market value. Share awards were granted at nil cost to employees and other share options were granted at fair market value or above.

The Group has an ESOP discretionary trust to administer the share plans and to acquire the shares to meet commitments to Group employees. At the year end, 462,378 (period ended 31 December 2014: 595,179) shares were held by the trust, funded in part by an interest free loan from the Group and in part by the issue of 1.4 million shares (period ended 31 December 2014:1.5 million) shares.

The Company has no employees but, in accordance with IFRS 10 "Consolidated financial statements", has the obligation for the assets, liabilities, income and costs of the ESOP trust and these have been consolidated in the Group's financial statements. The cost of the Group's shares held by the trust are deducted from retained earnings.

Movements in the number of share options and awards outstanding and their weighted average exercise prices are as follows:

	Share options		SAYE Scheme		LTIP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
31 March 2014	138,033	9.25	866,883	8.25	6,392,726	0.40
Granted	7,789	8.36	394,839	13.12	2,360,574	0.04
Exercised	(46,560)	8.83	(5,568)	6.23	(1,578,435)	0.79
Lapsed/forfeited	—	—	(96,163)	6.23	(300,971)	—
31 December 2014	99,262	8.36	1,159,991	9.44	6,873,894	0.17
Granted	**—**	**—**	**247,582**	**20.54**	**2,148,055**	**—**
Exercised	**(60,152)**	**8.73**	**(422,081)**	**5.67**	**(1,397,635)**	**0.79**
Lapsed/forfeited	**(2,768)**	**7.73**	**(64,675)**	**12.89**	**(1,370,646)**	**0.07**
31 December 2015	**36,342**	**8.36**	**920,817**	**9.44**	**6,253,668**	**0.17**
Exercisable at:						
31 December 2015	**36,342**	**7.79**	**3,236**	**5.65**	**190,965**	**—**
31 December 2014	44,119	7.61	—	—	9,286	8.9

The weighted average share price of London Stock Exchange Group plc shares during the year was £24.89 (period ended 31 December 2014: £19.69).

32. Share Schemes (Continued)

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

	31 December 2015		31 December 2014	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
Share options				
Less than £7	**4,750**	**—**	9,128	—
Between £7 and £8	**20,140**	**—**	24,168	—
Between £8 and £9	**11,452**	**—**	65,966	0.3
SAYE				
Less than £7	**3,236**	**—**	424,262	0.1
Between £7 and £8	**187,720**	**—**	205,433	0.2
Between £8 and £9	**—**	**—**	—	—
More than £9	**729,861**	**0.8**	530,296	1.1
LTIP				
Nil	**6,253,668**	**1.0**	6,739,835	1.5
Between £8 and £9	**—**	**—**	134,059	—
Total	**7,210,827**	**1.4**	8,133,147	1.4

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

	Performance Shares			Matching Shares				Restricted Share Award			Share Save Plan
	2 April 2015	15 October 2015	18 November 2015	10 April 2015	15 April 2015	15 October 2015	18 November 2015	2 April 2015	15 October 2015	18 November 2015	5 May 2015
Grant date share price	£24.84	£24.75	£25.52	£25.85	£25.20	£24.75	£25.52	£24.84	£24.75	£25.52	£24.77
Expected life	3 years	3 years	3 years	3 years	3 years	3 years	3 years	0.2 years to 2.9 years	0.4 years to 2.4 years	0.87 years to 2.87 years	3.15 years
Exercise price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	£20.42
Dividend yield	1.4%	1.1%	1.1%	1.4%	1.4%	1.1%	1.1%	1.4%	1.1%	1.1%	0.9%
Risk-free interest rate	0.7%	0.7%	0.9%	0.7%	0.7%	0.7%	0.9%	0.4% to 0.7%	0.4% to 0.6%	0.4% to 0.9%	1.0%
Volatility	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%
Fair value	—	—	—	—	—	—	—	£23.81 to £24.84	£23.95 to £24.63	£24.47 to £25.16	£6.09
Fair value TSR	£7.00	£6.98	£7.20	£7.23	£7.05	£6.98	£7.20	n.a.	n.a.	n.a.	n.a.
Fair value EPS	£23.81	£23.94	£24.69	£24.78	£24.16	£23.94	£24.69	n.a.	n.a.	n.a.	n.a.

The approach adopted by the Group in determining the fair value for the Performance and Matching Shares granted during the year was based on a Total Shareholder Return pricing model which incorporates TSR and EPS performance conditions and references the vesting schedules of the awards.

For all other share awards, including the Share Save Plan, the Black-Scholes model was used.

The significant inputs into both models are the share price at grant date, expected volatility, dividend yields and annual risk-free interest rate. The volatility assumption is based on the historical 3-year volatility as at the date of grant. The risk-free interest rate represents the yield available on a UK zero-coupon government bond on the date of grant for a term commensurate with the vesting period of the award. The expected life refers to the time from the date of grant to the date the awards vest. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

33. Transactions with Related Parties

Key management compensation

Compensation for Directors of the Company and key personnel who have authority for planning, directing and controlling the Group:

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	**£m**
Salaries and other short term benefits	**13.0**	9.7
Pensions	**0.9**	0.8
Share based payments	**13.1**	7.9
	27.0	18.4

Inter-company transactions with subsidiary undertakings

The Company has loans with some subsidiary undertakings. Details as at 31 December 2015 are shown in the table below:

	Amount in millions (owed to)/due from as at				Interest in millions (charge) /credit	
Loan counterparty	**31 December 2015**	**31 December 2014**	**Term**	**Interest rate as at 31 December 2015**	**Year ended 31 December 2015**	**Period ended 31 December 2014**
London Stock Exchange plc	**£(170.9)m**	£(158.0)m	25 years from May 2006 with 5 equal annual repayments commencing in May 2027.	LIBOR plus 2% per annum	**£ (4.4)m**	£ (3.4)m
London Stock Exchange Employee Benefit Trust	**£ 21.0m**	£ 13.2m	Repayable on demand.	Non-interest bearing	**nil**	nil
London Stock Exchange Group Holdings (Italy) Limited	**€ 97.7m**	€ 201.2m	Fifth anniversary of the initial utilisation date which was April 2013.	EURIBOR plus 1.5% per annum	**€ 2.4m**	€ 1.0m
London Stock Exchange Group Holdings Limited	**£ 340.0m**	£ 416.3m	Tenth anniversary of the initial utilisation date which was October 2009.	LIBOR plus 4.0% per annum	**£ 18.3m**	£ 16.0m
LSE Reg Holdings Limited	**€ 13.5m**	€ 2.7m	Fifth anniversary of the initial utilisation date which was December 2013.	EURIBOR plus 1.2% per annum	**—**	—
LSE Reg Holdings Limited	**£ (1.0)m**	£ 0.4m	Fifth anniversary of the initial utilisation date which was December 2013.	LIBOR plus 1.2% per annum	**—**	—
London Stock Exchange (C) Limited	**€ 48.4m**	€ 55.7m	Fifth anniversary of the initial utilisation date which was April 2012.	EURIBOR plus 1.5% per annum	**€ 0.7m**	€ 0.6m
London Stock Exchange (C) Limited	**£ 12.2m**	£ 8.6m	Fifth anniversary of the initial utilisation date which was April 2012.	LIBOR plus 1.5% per annum	**£ 0.2m**	£ 0.1m
London Stock Exchange Group Holdings (Luxembourg) Ltd	**$ 17.4m**	$ 5.8m	Fifth anniversary of the initial utilisation date which was December 2014.	LIBOR plus 1.5% per annum	**$ 0.1m**	nil
LSEG Employment Services Limited	**£ 11.0m**	nil	Fifth anniversary of the initial utilisation date which was January 2015.	LIBOR plus 1.2% per annum	**£ 0.1m**	nil

During the period, the Company charged in respect of employee share schemes £3.7 million (period ended 31 December 2014: £1.5 million) to London Stock Exchange plc, £5.0 million (period ended 31 December 2014: nil) to LSEG Employment Services Limited, £0.7 million (period ended 31 December 2014: £0.1 million) to London Stock Exchange Group Holdings Inc, £0.3 million (period ended 31 December 2014: £0.1 million) to SSC Global Business Services Limited (previously London Stock Exchange (OV) Limited), £0.2 million (period ended 31 December 2014: £0.1 million) to Turquoise Global Holdings Limited, £0.2 million (period ended 31 December 2014: nil) to UnaVista Limited, £3.1 million (period ended 31 December 2014: £0.7 million) to London Stock Exchange Group Holdings (Italy) Ltd, £1.1 million (period ended 31 December 2014: £0.2 million) to Millennium Group, £1.9 million (period ended 31 December 2014: £0.2 million) to FTSE Group, £4.3 million (period ended 31 December 2014: £1.4 million) to LCH.Clearnet Group and £0.7 million (period ended 31 December 2014: nil) to the Frank Russell Group.

The Company received dividends of £125.2 million (period ended 31 December 2014: £156.0 million) from its subsidiary London Stock Exchange plc.

The Group had £0.2 million (31 December 2014: nil) receivable from associates.

34. Events after the reporting period

On 23 February 2016, the Group confirmed that detailed discussions about a potential merger of equals was under way with Deutsche Börse.

The potential merger would be structured as an all-share merger of equals under a new holding company. Under the terms of the potential merger, LSEG shareholders would be entitled to receive 0.4421 new shares in exchange for each LSEG share and Deutsche Börse shareholders would be entitled to receive 1 new share in exchange for each Deutsche Börse share. Based on this exchange ratio, the parties anticipate that Deutsche Börse shareholders would hold 54.4%, and LSEG shareholders would hold 45.6% of the enlarged issued and to be issued share capital of the combined group. The combined group would have a unitary board composed of equal numbers of LSEG and Deutsche Börse Directors.

Discussions between the parties remain ongoing and any transaction would be subject to regulatory approval, Group shareholder approval and Deutsche Börse shareholders' acceptance, as well as other customary conditions.

35. Other Statutory Information

Auditors' remuneration payable to Ernst and Young LLP and its associates comprise the following:

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	**€m**
Audit of parent and consolidated financial statements	**0.5**	0.7
Audit of subsidiary companies	**1.5**	1.0
Audit related assurance services	**0.2**	0.3
—Taxation	**0.3**	0.1
—Other assurance services	**0.1**	0.1
Total	**2.6**	2.2

During the period ended 31 December 2014, PricewaterhouseCoopers LLP, the Group's previous auditor, and its associates charged £0.9 million in relation to their audits of material subsidiaries of the Group, and £1.5 million in relation to non-audit services. These amounts are excluded from the table above.

Further details of the services provided by Ernst and Young LLP are given in the Report of the Audit Committee on pages 64–67.

Directors' emoluments comprise the following:

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	**£m**
Salary and fees	**3.2**	2.5
Performance bonus	**3.0**	2.1
Gains made on share awards	**4.5**	5.2
Benefits	**0.3**	0.3
	11.0	10.1
Contributions to defined contribution schemes	**0.6**	0.5
	11.6	10.6

During the year, 1 Director (period ended 31 December 2014: 1) had retirement benefits accruing under defined contribution schemes and 1 Director (period ended 31 December 2014: 1) had retirement benefits accruing under a defined benefit scheme.

Further details of Directors' emoluments are included in the Remuneration Report on pages 70–87.

35. Other Statutory Information (Continued)

Related undertakings

A list of the Group's subsidiaries as at 31 December 2015 is given below including the percentage of each class held and the Group's ownership percentages.

The share ownership percentage records the percentage of each subsidiary's share capital owned within the LSEG Group. Shares owned directly by LSEG plc are listed as being a "direct" shareholding, shares owned by other LSEG Group companies are listed as an "indirect (group interest)" shareholding. Where more than 1 LSEG Group company owns shares in a subsidiary these interests have been added together. The ultimate economic interest percentage on the other hand does not show actual share ownership. It records LSEG plc's effective interest in the subsidiary, allowing for situations where subsidiaries are owned by partly owned intermediate subsidiaries.

All subsidiaries are consolidated in the Group's financial statements.

Name of subsidiary undertaking	Country of incorporation	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
A Street Investment Associates, Inc	United States	Common	Indirect (group interest)	100	100
BANQUE CENTRALE DE COMPENSATION (LCH.Clearnet SA)	France	Ordinary	Indirect (group interest)	100	57.8
BIRR Portfolio Analysis Inc	United States	Common	Indirect (group interest)	100	100
Bit Market Services S.p.A.	Italy	Ordinary	Indirect (group interest)	99.99	99.99
Bondclear Limited	UK	Ordinary	Indirect (group interest)	100	57.8
Bondnet Limited	UK	Ordinary	Indirect (group interest)	100	57.8
Borsa Italiana SpA	Italy	Ordinary	Indirect (group interest)	99.99	99.99
Cassa Di Compensazione e Garanzia SpA (CC&G)	Italy	Ordinary	Indirect (group interest)	99.99	99.99
Equityclear Limited	UK	Ordinary	Indirect (group interest)	100	57.8
EuroMTS Limited	UK	Ordinary A	Indirect (group interest)	100	60.36
EuroTLX SIM SpA	Italy	Ordinary	Indirect (group interest)	70	69.99
Exactpro Systems Limited	UK	Ordinary	Indirect (group interest)	100	100
Exactpro Systems, LLC	United States		Indirect (group interest)	100	100
Exactpro, LLC	Russian Federation		Indirect (group interest)	100	100
ForexClear Limited	UK	Ordinary	Indirect (group interest)	100	57.8
Frank Russell Company	United States	Common	Indirect (group interest)	100	100
Frank Russell Investment Partners 1997-2 GP	United States	Partnership	Indirect (group interest)	100	100
Frank Russell Investment Partners 1997-1 GP	United States	Partnership	Indirect (group interest)	100	100
FRF Partners II LLC	United States	Class B	Indirect (group interest)	98.16	98.16
FRF Partners IV LP	United States	Partnership	Indirect (group interest)	99.34	99.34
FTSE (Australia) Limited	UK	Ordinary	Indirect (group interest)	100	100
FTSE (Beijing) Consulting Limited	China	Ordinary	Indirect (group interest)	100	100
FTSE (Japan) Limited	UK	Ordinary	Indirect (group interest)	100	100
FTSE Americas, Inc	United States		Indirect (group interest)	100	100
FTSE China Index Ltd	Hong Kong	Ordinary	Indirect (group interest)	100	100
FTSE International (France) Limited	UK	Ordinary	Indirect (group interest)	100	100
FTSE International (Hong Kong) Limited	Hong Kong	Ordinary	Indirect (group interest)	100	100
FTSE International (India) Limited	UK	Ordinary	Indirect (group interest)	100	100
FTSE International (Italy) Limited	UK	Ordinary	Indirect (group interest)	100	100
FTSE International (MEA) Ltd	United Arab Emirates	Ordinary	Indirect (group interest)	100	100
FTSE International Brasil Representacoes LTDA	Brazil	Ordinary	Indirect (group interest)	100	100
FTSE International Limited	UK	Ordinary	Indirect (group interest)	100	100
FTSE Mexico Sociedad	Mexico	Ordinary	Indirect (group interest)	100	100
FTSE TMX Global Debt Capital Markets Inc(1)	Canada	Ordinary	Indirect (group interest)	100	73.94
FTSE TMX Global Debt Capital Markets Limited(1)	UK	Ordinary A	Indirect (group interest)	100	72.74
		Ordinary B		11.03	1.2
Gatelab Limited	UK	Ordinary	Indirect (group interest)	100	67
Gatelab Srl	Italy	Ordinary	Indirect (group interest)	67	67
globeSettle SA	Luxembourg	Ordinary	Indirect (group interest)	100	100
Innovate Mortgages Limited	UK	Ordinary	Indirect (group interest)	100	100
Innovative Trading Systems UK Limited	UK	Ordinary	Indirect (group interest)	100	100
Innovative Trading Systems, LLC	Russian Federation	Ordinary	Indirect (group interest)	100	100
International Commodities Clearing House Limited	UK	Ordinary	Indirect (group interest)	100	57.8
LCH Pensions Limited	UK	Ordinary	Indirect (group interest)	100	57.8
LCH.Clearnet (Luxembourg) S.A.R.L	Luxembourg	Ordinary	Indirect (group interest)	100	57.8
LCH.Clearnet Funding LP	UK	Capital Contribution	Indirect (group interest)	100	57.8
LCH.Clearnet GP Limited	UK	Ordinary	Indirect (group interest)	100	57.8

35. Other Statutory Information (Continued)

Name of subsidiary undertaking	Country of incorporation	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
LCH.Clearnet Group Limited	UK	Ordinary (Non Voting)	Indirect (group interest)	100	57.8
		Ordinary (Voting)		57.8	
LCH.Clearnet Limited	UK	Ordinary	Indirect (group interest)	100	57.8
LCH.Clearnet LLC	United States	Ordinary	Indirect (group interest)	100	57.8
LCH.Clearnet PLP Limited	UK	Ordinary	Indirect (group interest)	100	57.8
LCH.Clearnet Service Company Limited	UK	Ordinary	Indirect (group interest)	100	57.8
London Stock Exchange (C) Limited	UK	Ordinary	Direct	100	100
London Stock Exchange Group (Services) Limited	UK	Ordinary	Direct	100	100
London Stock Exchange Group Holdings (Italy) Limited	UK	Ordinary	Direct	100	100
London Stock Exchange Group Holdings (R) Limited	UK	Ordinary	Direct	100	100
London Stock Exchange Group Holdings Italia S.p.A	Italy	Ordinary	Indirect (group interest)	100	100
London Stock Exchange Group Holdings Limited	UK	Ordinary	Direct	100	100
London Stock Exchange Plc	UK	Ordinary	Direct	100	100
London Stock Exchange Reg Holdings Limited	UK	Ordinary	Direct	100	100
London Stock Exchange Connectivity Solutions LP	UK	Partnership	Indirect (group interest)	100	100
LSEG Business Services Limited	UK	Ordinary	Indirect (group interest)	100	100
LSEG Derivatives Limited	UK	Ordinary	Indirect (group interest)	100	100
LSEG Employment Services Limited	UK	Ordinary	Indirect (group interest)	100	100
LSEG Information Services (US), Inc.	United States	Ordinary	Indirect (group interest)	100	100
LSEG LuxCo 1 S.a.r.l	Luxembourg	Ordinary	Indirect (group interest)	100	100
LSEG LuxCo 2 S.a.r.l	Luxembourg	Ordinary	Indirect (group interest)	100	100
LSEG Pension Trustees Limited	UK	Ordinary	Indirect (group interest)	100	100
LSEG Post Trade Services Limited	UK	Ordinary	Indirect (group interest)	100	100
LSEG US Holdco, Inc.	United States	Common	Direct	100	100
LSEGH (Luxembourg) Limited	UK	Ordinary	Direct	100	100
LSEGH Inc.	United States		Indirect (group interest)	100	100
LSEM LLC	Mongolia	Ordinary	Indirect (group interest)	100	100
Marché de TitreS France (MTS France)	France	Ordinary	Indirect (group interest)	100	60.36
MillenniumIT (US) Inc	United States		Indirect (group interest)	100	100
Millennium Information Technologies (India) (Private) Limited	India	Ordinary	Indirect (group interest)	100	100
Millennium Information Technologies Limited	Sri Lanka	Ordinary	Indirect (group interest)	100	100
Millennium It Software Limited	Sri Lanka	Ordinary	Indirect (group interest)	100	100
Millennium Information Technologies Limited (UK Branch)	UK	N/A	Indirect (group interest)	100	100
Millennium It Software Limited (UK Branch)	UK	N/A	Indirect (group interest)	100	100
Millennium Software (Canada) Inc	Canada		Indirect (group interest)	100	100
MillenniumIT Software Limited (Hong Kong Branch)	Hong Kong	N/A	Indirect (group interest)	100	100
MillenniumIT Software Limited (Singapore Branch)	Singapore	N/A	Indirect (group interest)	100	100
Monte Titoli SpA	Italy	Ordinary	Indirect (group interest)	98.87	98.86
MTS Markets International Inc.	United States	Ordinary	Indirect (group interest)	100	60.36
MTS SpA	Italy	Ordinary	Indirect (group interest)	100	60.36
Mtsnext Limited	UK	Ordinary	Indirect (group interest)	100	73.94
On-Line Partnership Group Limited	UK	Ordinary	Indirect (group interest)	100	100
Pension Benchmark Corporation	United States		Indirect (group interest)	100	100
Repoclear Limited	UK	Ordinary	Indirect (group interest)	100	57.8
Reponet Limited	UK	Ordinary	Indirect (group interest)	100	57.8
Russell Capital Inc.	United States	Common	Indirect (group interest)	100	100
Russell Employee Benefits Pty Ltd	Australia	Ordinary	Indirect (group interest)	100	100
Russell Financial Services India Private Ltd	India	Ordinary	Indirect (group interest)	100	100
Russell Financial Services, Inc.	United States	Common	Indirect (group interest)	100	100
Russell Financial Solutions Pty Ltd	Australia	Ordinary	Indirect (group interest)	100	100
Russell Fund Services Company	United States	Common	Indirect (group interest)	100	100
Russell Implementation Services Inc.	United States	Common	Indirect (group interest)	100	100
Russell Implementation Services Limited	UK	Ordinary	Indirect (group interest)	100	100
Russell Institutional Funds Management, LLC	United States	Membership	Indirect (group interest)	100	100
Russell Insurance Agency, Inc.	United States	Common	Indirect (group interest)	100	100
Russell International Services Company Inc.	United States	Common	Indirect (group interest)	100	100
Russell Investment Advisors (Shanghai) Co., Ltd	China		Indirect (group interest)	100	100

35. Other Statutory Information (Continued)

Name of subsidiary undertaking	Country of incorporation	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Russell Investment Group Japan Co., Ltd	Japan	Ordinary	Indirect (group interest)	100	100
Russell Investment Group Limited	New Zealand	Ordinary	Indirect (group interest)	100	100
Russell Investment Group Private Limited	Singapore	Ordinary	Indirect (group interest)	100	100
Russell Investment Group Pty Ltd	Australia	Ordinary	Indirect (group interest)	100	100
Russell Investment Management Ltd . . .	Australia	Ordinary	Indirect (group interest)	100	100
Russell Investment Management Company	US		Indirect (group interest)	100	100
Russell Investment Tujajamun Chusik Hoesa	Korea, Republic of	Ordinary	Indirect (group interest)	100	100
Russell Investments Canada Limited . . .	Canada	Ordinary	Indirect (group interest)	100	100
Russell Investments Cayman Ltd	Cayman Islands	Ordinary	Indirect (group interest)	100	100
Russell Investments Delaware Inc.	United States	Common	Indirect (group interest)	100	100
Russell Investments France SAS	France	Ordinary	Indirect (group interest)	100	100
Russell Investments Group Inc	United States	Common	Indirect (group interest)	100	100
Russell Investments Hong Kong Limited .	Hong Kong	Ordinary	Indirect (group interest)	100	100
Russell Investments Ireland Ltd.	Ireland	Ordinary	Indirect (group interest)	100	100
Russell Investments Japan Co., Ltd	Japan	Ordinary	Indirect (group interest)	100	100
Russell Investments Limited	UK	Ordinary	Indirect (group interest)	100	100
Russell Investments South Africa Limited	South Africa	Ordinary	Indirect (group interest)	100	100
Russell Multi Asset Conservative Strategy Fund	UK		Indirect (group interest)	54	59
Russell Multi Asset Growth Fund	UK		Indirect (group interest)	100	100
Russell Systems Limited	UK	Ordinary	Indirect (group interest)	100	100
Russell Real Estate Advisors Inc.	United States	Common	Indirect (group interest)	100	100
Russell Trust Company	United States	Common	Indirect (group interest)	100	100
SSC Global Business Services Limited . .	UK	Ordinary	Indirect (group interest)	100	100
Stock Exchange (Holdings) Limited(The)	UK	Ordinary	Indirect (group interest)	100	100
Swapclear Limited	UK	Ordinary	Indirect (group interest)	100	57.8
The London Clearing House Limited . . .	UK	Ordinary	Indirect (group interest)	100	57.8
The London Produce Clearing House Limited	UK	Ordinary	Indirect (group interest)	100	57.8
The London Stock Exchange Retirement Plan Trustee Company Limited	UK	Ordinary	Indirect (group interest)	100	100
The On-Line Partnership Limited	UK	Ordinary	Indirect (group interest)	100	100
The Whitechurch Network Limited	UK	Ordinary	Indirect (group interest)	100	100
Total Risk Management Pty Limited . . .	Australia	Ordinary	Indirect (group interest)	100	100
Turquoise Global Holdings Limited	UK	Ordinary A	Indirect (group interest)	100	51.36
Turquoise Trading Limited	UK	Ordinary	Indirect (group interest)	100	51.36
U.S. One, Inc	United States	Common	Indirect (group interest)	100	100
UnaVista LEI Limited	UK	Ordinary	Indirect (group interest)	100	100
Unavista Limited	UK	Ordinary	Indirect (group interest)	100	100

(1) The absolute indirect (group interest) and direct holdings by the London Stock Exchange Group is 75.75%

The Group's associate undertakings were:

Associate name	Country of incorporation	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Share ownership % held by the Parent Company	Group ultimate economic interest %
GGEP Investments (Bermuda). Ltd	Bermuda	Common	Indirect (group interest)	30	30
GGEP Investments LLC	United States	Common	Indirect (group interest)	30	30
GGEP Management (Bermuda) Limited	Bermuda	Common	Indirect (group interest)	30	30
GGEP Management LLC	United States	Common	Indirect (group interest)	30	30
MTS Associated Markets S.A. . . .	Italy	Ordinary A	Indirect (group interest)	21.26	12.83

The accounting reference dates for all of the associates are 31 December.