

# Capital Market Linkages: How to facilitate cross border trading?

OIC Member States' Stock Exchanges Forum

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# Agenda

- 1. About Deutsche Börse**
2. Capital Market Linkages
3. Examples



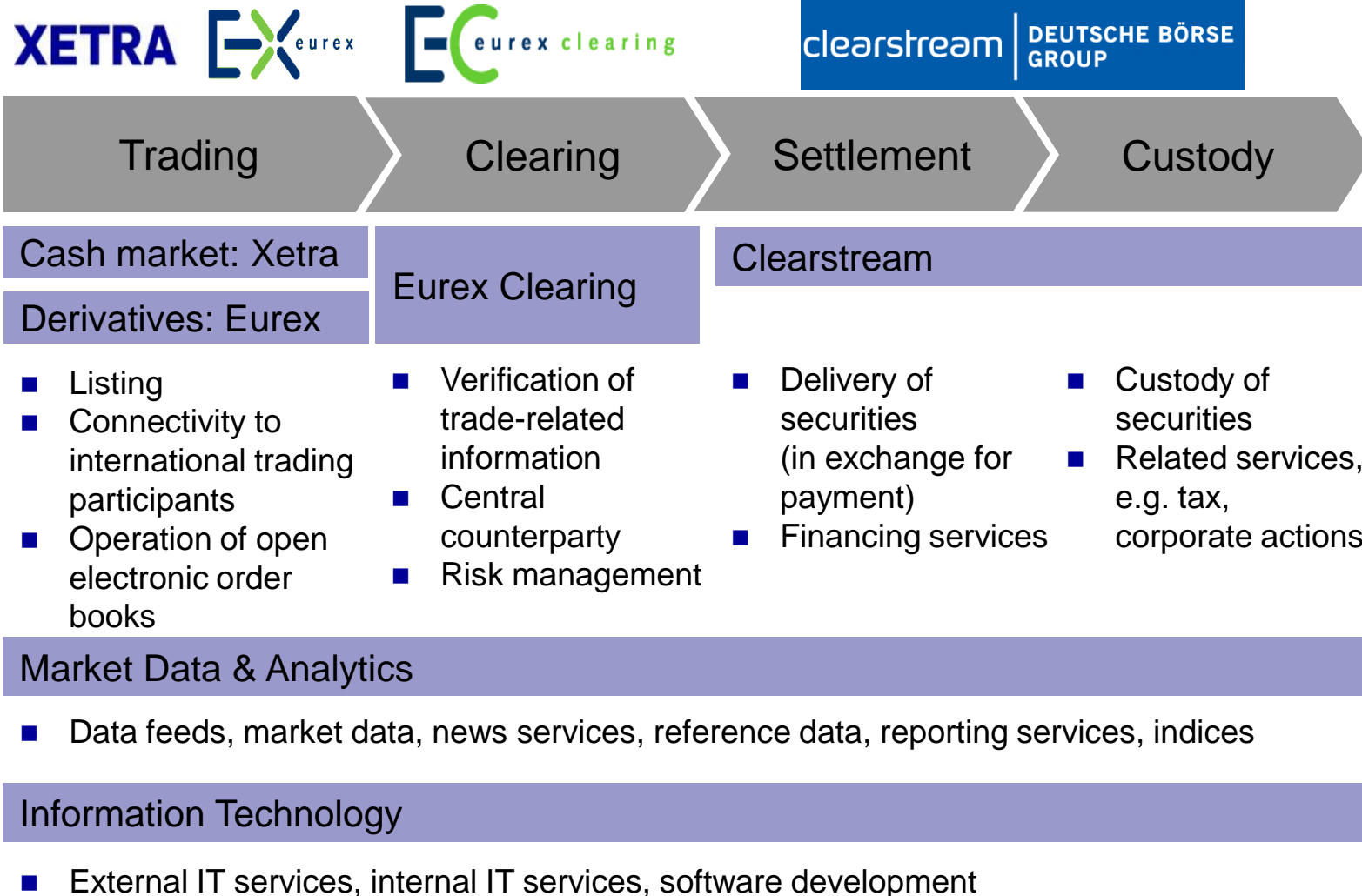
# Innovation and growth for 425 years

- 1585 Beginning of organized exchange trading in Frankfurt/Main
- 1992 Deutsche Börse AG is established
- 1993 Deutsche Börse AG begins to operate Frankfurter Wertpapierbörse (FWB<sup>®</sup>, the Frankfurt Stock Exchange)
- 1997 Launch of the electronic trading platform Xetra<sup>®</sup>
- 1998 The derivatives exchange Eurex is established on the basis of a merger of DTB Deutsche Terminbörse and Swiss Soffex
- 2000 Merger of Deutsche Börse Clearing and Cedel to form Clearstream International S.A.
- 2001 IPO of Deutsche Börse AG
- 2002 Full integration of Clearstream International S.A.  
Deutsche Börse AG shares included in the DAX<sup>®</sup> index
- 2003 Introduction of the central counterparty for the stock market
- 2006 Deutsche Börse AG and SIX Group AG found Scoach, a European stock exchange for structured products
- 2007 Deutsche Börse AG included in the EURO STOXX 50<sup>®</sup> index  
Eurex acquires the US options exchange International Securities Exchange Holdings, Inc. (ISE)
- 2008 Acquisition of US financial news agency Market News International Inc.
- 2009 Acquisition of US financial news agency Need to Know News, LLC and increase of the interest in STOXX Ltd. to 50 percent plus one share



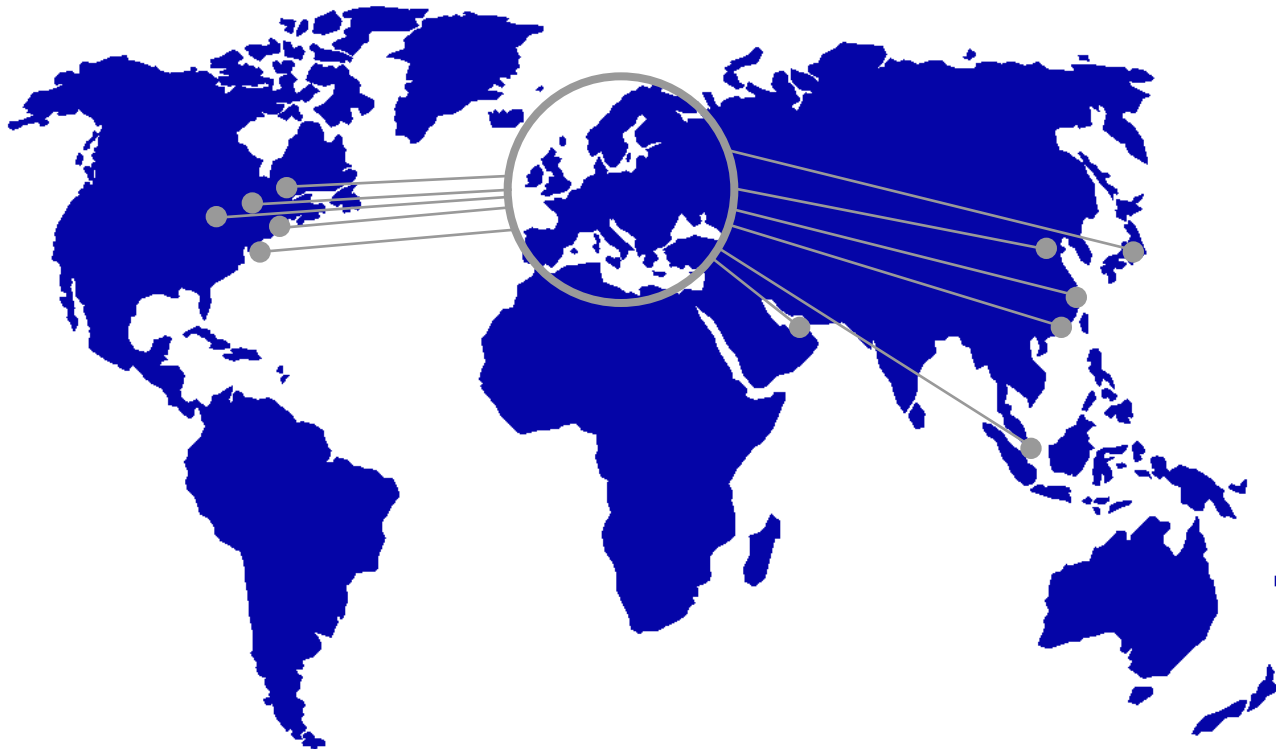
# Deutsche Börse Group

## Integrated transaction processing for financial intermediaries



# Globally operating provider of financial services

## Locations of Deutsche Börse Group



### 9 locations in Europe

- Berlin
- Frankfurt/Main
- London
- Luxembourg
- Madrid
- Moscow
- Paris
- Prague
- Zurich

### 10 locations in Asia / North America

- Beijing
- Chicago
- Dubai
- Hong Kong
- New York
- Ottawa
- Shanghai
- Singapore
- Tokyo
- Washington



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1. About Deutsche Börse

**2. Capital Market Linkages**

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# Capital Market Linkages

Why are they worth to be considered ?

**Create additional order flow and revenue streams for the exchange**

**Offer new products**

**Accelerate financial market developments**

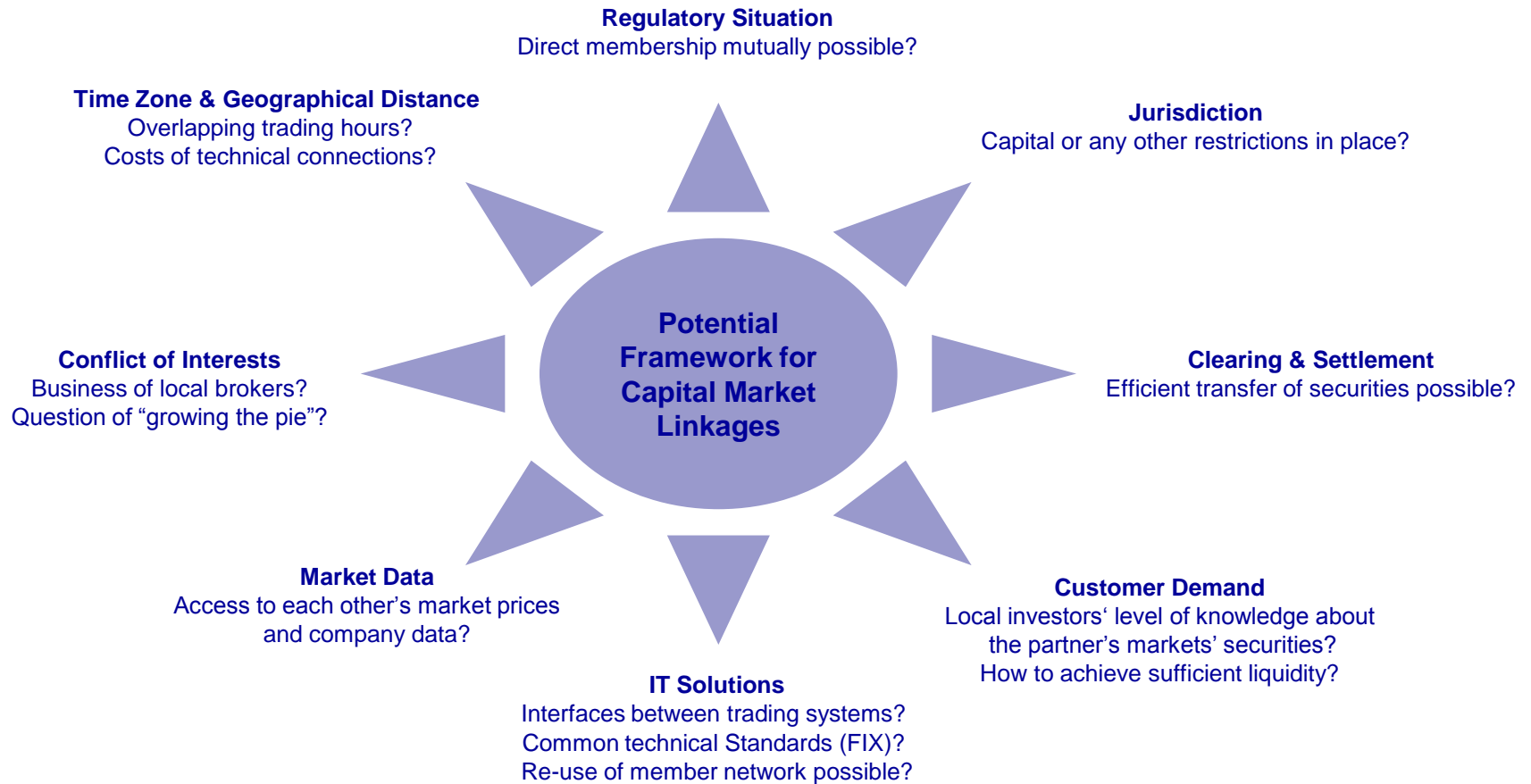
**Provide diversification opportunities for local investors**

**Address new customer groups and enlarge investor base**

**Promote local companies abroad for easier access to foreign capital**

# Capital Market Linkages

## Points for consideration while selecting the right model



# Capital Market Linkages

## Potential Models

### Infrastructure

- Common trading and/or clearing platforms
- Shared member networks / mutually hosting of access points to each others' markets
- Joint market data distribution
- Direct order routing
- Clearing/CCP links
- Settlement links / Link-up Markets
- ...

### Products

- Mutual trading segments: foreign securities offered for trading in local currency for retail investors
- Exchange Trade Funds (ETFs) on each other's major indices
- Licensing & joint marketing of benchmark products
- After-hour trading facilities with fungible derivatives products
- ...

***For Deutsche Börse Group any kind of exchange co-operation with creates a win-win situation is highly interesting.***

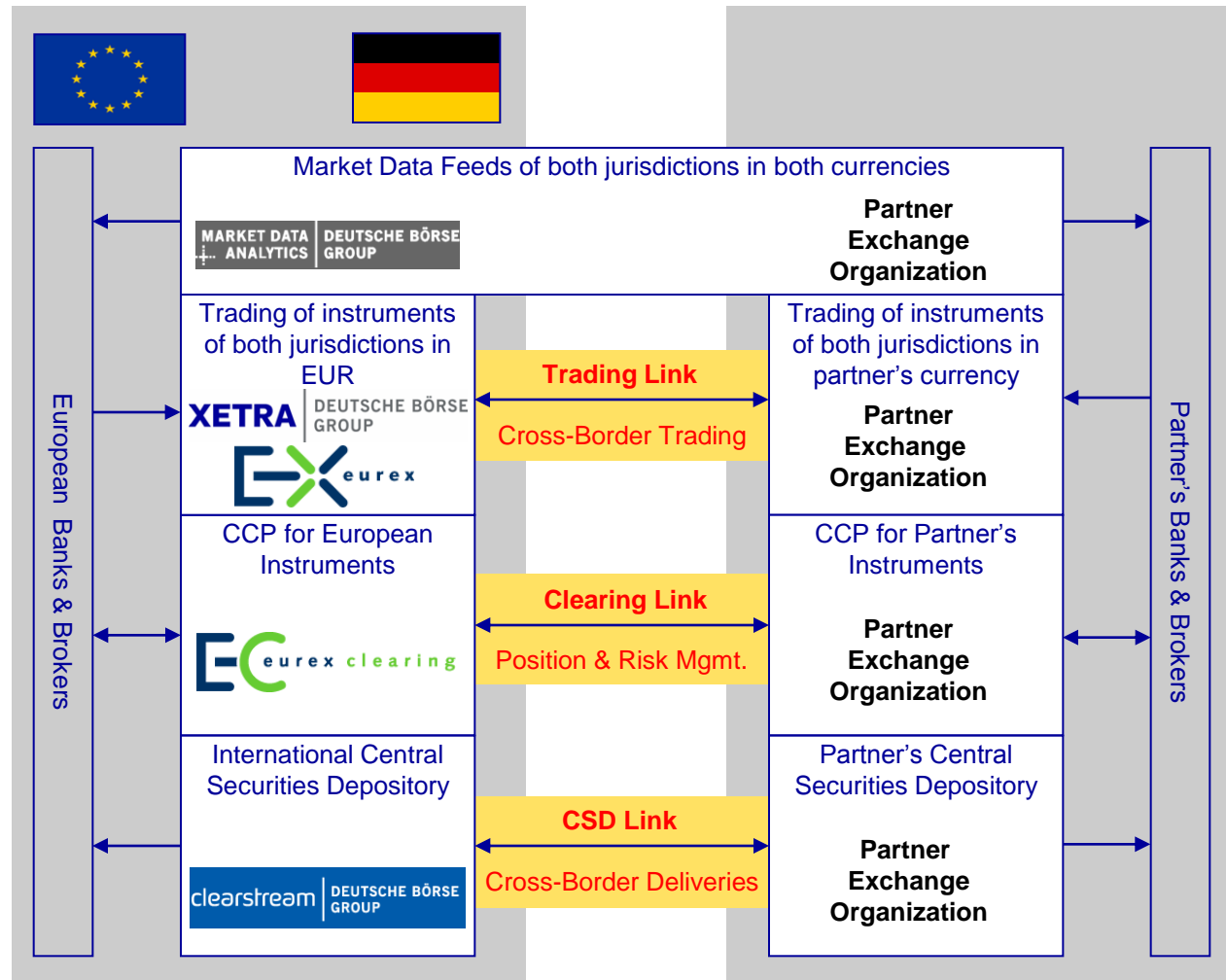
***We strongly believe in the benefits of partnership between marketplaces and the merits of interconnecting themselves for providing choices to investors.***

# Linking up the Trading, Clearing and Settlement Layer Blueprint

**Provide easy and fast access for:**

- European investors to securities in the Partner Exchange's jurisdiction
- Investors in the Partner Exchange's jurisdiction to European securities

**... by interconnecting the exchange infrastructure.**



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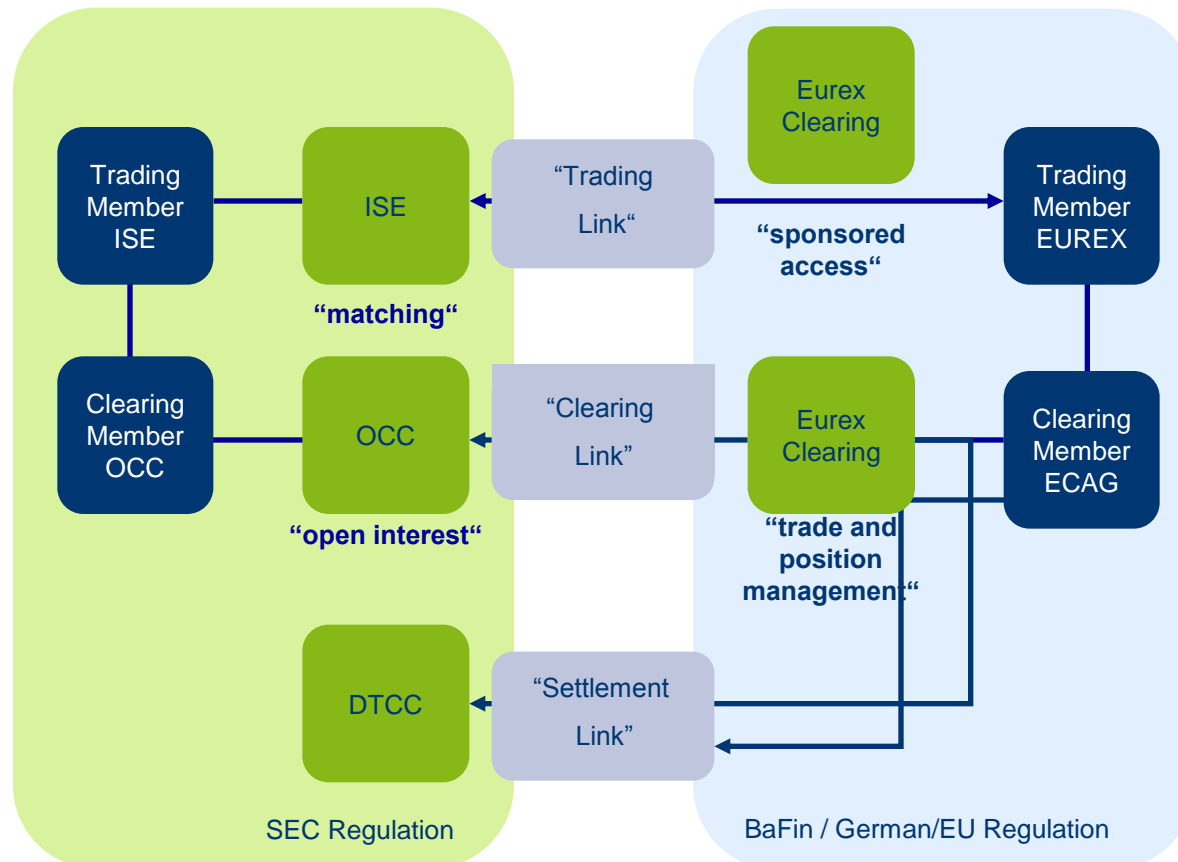


# Eurex/ISE Link: Access to the US



Eurex, the International Securities Exchange (ISE) and the Options Clearing Corporation (OCC) provide a transatlantic trading and clearing link that enable Eurex customers to trade ISE options through their existing Eurex membership.

Eurex customers benefit from direct access to the world's largest equity options market while ISE members benefit from interaction with a new set of order flow providers who deepen the liquidity pool on the ISE.

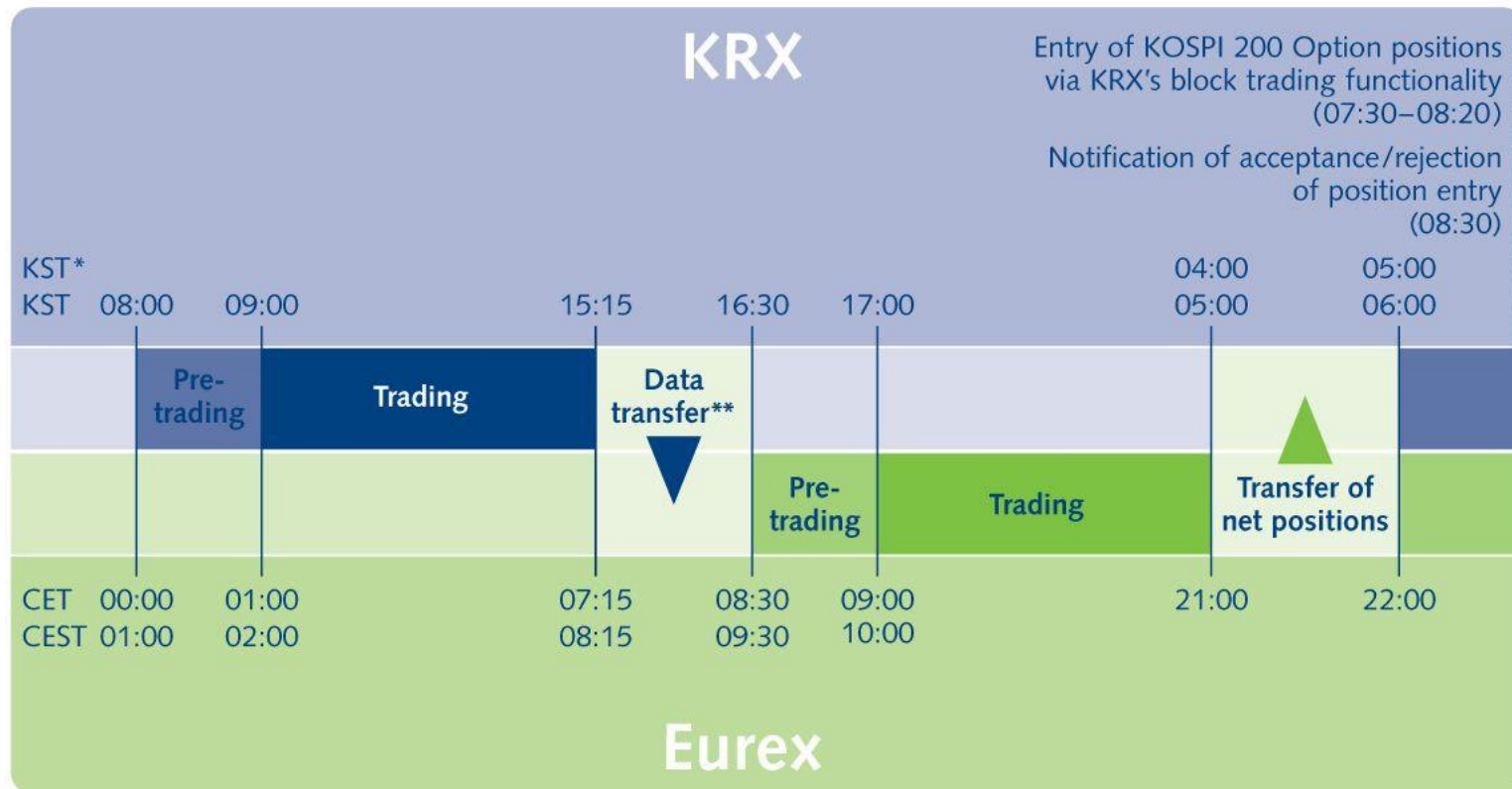


- No need to become ISE member or to enter into a contractual relationship with OCC.
- Only signing of Order Routing Agreement required to apply for trading connection to ISE.
- Eurex Clearing AG acts as the sponsoring participant providing trading access to the ISE.
- In its capacity as associated clearinghouse, ECAG will clear and maintain its members' positions at OCC.
- Eurex members can use their existing clearing relation. Amended Clearing Agreement needs to be signed to also cover the Eurex/ISE Link
- Home market settlement at DTCC via local custodian.

# 24 Hour Trading of KOSPI 200 Options Cooperation between Korea Exchange and Eurex



KOSPI 200 Options 24-Hour Trading Cycle



\* KST, when Germany has daylight savings

\*\* i.e. closing prices

Thanking you for your kind attention!

İlginiz için teşekkür ederim !

非常感谢您的关注！

Спасибо за внимание!

شكرا على حسن انتباهكم

Vielen Dank für Ihre Aufmerksamkeit!

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