



**DEUTSCHE BÖRSE
GROUP**

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Response to

European Securities and Markets Authority
(ESMA)

Consultation Paper ESMA/2012/852

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A. About Frankfurt Stock Exchange

Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) is one of the world's largest trading centres for securities. With a share in turnover of more than 90 per cent, it is the largest of Germany's seven stock exchanges. Deutsche Börse AG operates the Frankfurt Stock Exchange, an entity under public law. In this capacity it ensures the functioning of exchange trading.

The Frankfurt Stock Exchange facilitates advanced electronic trading, settlement and information systems. Thus, it is able to meet the steadily growing requirements of cross-border trading. Besides Xetra Frankfurt Specialist Trading on the trading floor, its fully electronic trading system Xetra® is one of the leading electronic trading platforms in the world. With the launch of Xetra in 1997, the Frankfurt Stock Exchange succeeded not only in strengthening its own competitive position. It also created attractive framework conditions for foreign investors and market participants.

Today, the Frankfurt Stock Exchange is an international trading centre. This is also reflected in the structure of its participants. Some 140 of around 300 market participants come from outside Germany.

B. General Remarks

The Management Board of Frankfurt Stock Exchange welcomes the opportunity to comment on ESMA's draft guidelines for assessing CCP interoperability arrangements. As an exchange we have to carefully analyse any structural change to the post-trade process chain considering the impact the changes may have on different user groups.

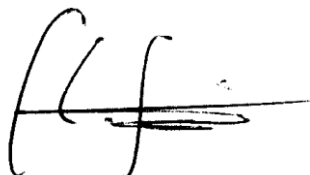
The Exchange Council of Frankfurt Stock Exchange conducted an in depth analysis of CCP interoperability in 2012. Various aspects such as risks and economic effects for the different stakeholder groups of the exchange have been evaluated.

Frankfurt Stock Exchange welcomes that the guidelines proposed by ESMA as well as the EMIR framework itself aim to establish a level playing field for CCPs by which every CCP involved in interoperability is bound to the same standards of risk management, process quality, economic reliability and stability. Interoperability arrangements must not trigger a 'race to the bottom' with respect to these standards. As a regulated market serving a broad member community, offering listing and trading for more than 1 million instruments, market integrity and stability over the complete value chain from trading, clearing and settlement is our most important concern. We support ESMA's view that under no circumstances clearing interoperability should add any additional risks to the market infrastructure.

Whereas CCP interoperability may have potential positive effects for the exchange as well as for the member community, members of the exchange however may also face negative impacts in terms of increased costs resulting from additional collateral requirements. Especially for small and medium sized member firms, which do form an integral part of any well diversified capital market, the additional costs may not outweigh the benefits of interoperability. Therefore new and innovative models of interoperability, which could minimise the adverse effects, may need to be explored.



Rainer Riess
Vice Chairman of the Management Board



i.A. Christian Schürlein
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