

Joint Media release by SWX Group and Deutsche Börse

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SWX Group and Deutsche Börse plan European exchange for securitised derivatives

Partners sign letter of intent with goal of combining activities in warrants and certificates

Two market models: fully automated, and intermediary-based trading

Deutsche Börse AG and the SWX Group intend to combine their warrant and certificate trading activities in a jointly operated securities exchange organisation. Both parties announced the plan on Friday. The collaborative undertaking will be conducted via a co-owned holding company domiciled in Zurich, which will be administered by the nationally regulated exchanges of Switzerland and Germany. The goal of the new joint venture is to create a European exchange for warrants and certificates. With this new exchange, Deutsche Börse and SWX will be expanding their existing cooperative efforts, which include the world's largest futures and options exchange, Eurex, as well as the European provider of security market indices, STOXX.

The new company, to which both partners will contribute their existing business in securitised derivatives, will operate exchanges both in Switzerland and in Germany. To that purpose, SWX will spin off its business in warrants and certificates into a new Swiss-based exchange, which will commence operation on 1 January 2007. In parallel, the holding company will found an exchange in Germany under the mantle of the Bremen Stock Exchange, which SWX acquired in 2005. This new exchange is scheduled to open in the fourth quarter of 2007.

Technologically, trading on these exchanges will initially be conducted on separate trading systems and then be transferred by the end of 2009 to a common electronic platform. The Swiss-based exchange will remain under the sovereignty of Switzerland, while trading in Germany will be conducted under German supervision and with two different market models. In this regard, issuers will have the choice of having their securities admitted to trading either on a fully automated basis or by means of a specialist. As a result, various investor groups can be afforded the market model that is the most efficient for their purpose: while fully automated trading fulfils the highest requirements for market transparency, minimised lag times and high-frequency trading, the specialist-based approach will continue to ensure the best execution prices for a broad range of products.

The collaborative undertaking is to commence activities in early 2007. Both partners will own an equal financial interest in the holding company and contribute their respective business activities. Because it can rely on two strong pre-existing markets, the joint venture will operate profitably right from the start.

Revenues earned by Deutsche Börse from certificate and warrant trading on the Frankfurt Exchange will be passed through to the joint venture. Deutsche Börse and SWX intend to have the concrete details worked out by the fall of 2006.

Für weitere Fragen steht Ihnen gerne zur Verfügung.

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SWX Group

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