

Joint Media release by SWX Group and Deutsche Börse

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SWX Group and Deutsche Börse found “Alex” exchange

European exchange for structured products to commence operation on 1 January 2007

The SWX Group and Deutsche Börse AG will combine their trading activities in structured products as of 1 January 2007 in a jointly owned subsidiary known as “Alex”. Alex has set the goal of becoming Europe’s leading exchange in this market segment.

On 23 October 2006, the partners signed an agreement to found and operate a joint securities exchange organisation (see related media release dated 5.5.2006:

http://www.swx.com/media_releases/2006/media20060505b_en.pdf). With this cooperative venture, the SWX Group and Deutsche Börse AG are further expanding their existing and highly successful collaboration, two examples of which are Eurex and STOXX: Eurex is the world’s largest futures and options exchange, and STOXX is Europe’s leading provider of securities market indices.

Via Alex, the SWX Group and Deutsche Börse AG are combining their clout in a rapidly growing market segment and thereby creating a new market standard. Alex will focus exclusively on structured products. As a specialised exchange, it can address more directly the specific needs of customers in this segment. The advantages of Alex also lie in the aggregated liquidity that will be attracted to this centralised trading venue from all corners of Europe and a large network of participants.

Moreover, Alex will utilise various pricing procedures. Issuers may choose the market model that is best suited to the trading of their structured products. This new European specialised exchange is also planning to implement in the foreseeable future the clearing and settlement structures that will enable crossborder transactions to be conducted at local tariffs.

National regulation and proven technology

Alex will operate domestically regulated exchanges in both Germany and Switzerland. In an initial step, Alex will be the parent of a new exchange in Switzerland as of 1 January 2007, into which SWX will spin-off its existing business in warrants and structured products. Simultaneously, Alex will become co-parent of the warrants and certificate trading business on the Frankfurt Exchange, thus gaining a link to European participants and issuers.

Trading on the Swiss-based exchange will initially be conducted via SWX’s Quotematch system, which was successfully introduced almost a year ago. Via this platform, issuers can list their products quickly and inexpensively by means of the Internet Based Listing (IBL) process. In the German market, the Xetra trading platform will come into play in early 2008 to simplify access for European participants. There,

Alex will offer two market models - one with and one without the intervention of a specialist for pricing purposes - and both will be reflected on Xetra. Market making, which supplies additional trading liquidity, can be accomplished by the issuer itself or delegated to a specialist. Over the medium term, trading on both exchanges will be conducted via a common technological platform; full migration to the Xetra platform is planned for the end of 2009.

Focus on private investors

In Frankfurt, Alex relies on the Smart Trading quality standard for specialist-based trading, and that standard is to become even more rigorous. Already today, the Frankfurt Exchange guarantees order execution within 30 seconds, whereas in fact more than 75 per cent of all orders are executed in fewer than 10 seconds. The maximum commission amounts to €12 for investment products and €3 for leveraged products.

Even prior to the start of Alex in Germany, the Frankfurt Exchange is planning for further enhancements to the trading of structured products and, in November 2006, will become Germany's first exchange to introduce a semi-automated pricing procedure for specialist-based trading. Through this largely automated means of pricing, order execution times will be reduced even further without foregoing the advantages of specialist-based pricing.

Swiss/German management team

The Alex holding company will have its registered office in Luxembourg, with subsidiary companies domiciled in Germany and Switzerland. The two-man Management Board of Alex will comprise Marc Zahn as CEO, to date Head of Marketing and Sales at the SWX Swiss Exchange and the London-based blue chip exchange virt-x, and Michael Jung as CFO/COO, until now Senior Project Manager at Deutsche Börse. The board of directors will consist of Axel Schubert (former CEO of the Bremen Stock Exchange) as its chairman, Dr. Heinrich Henckel (CEO, SWX Swiss Exchange), Christoph Bigger (Head of Strategic Business Development, SWX Swiss Exchange), Rainer Riess (Managing Director Stock Market Business Development, Deutsche Börse AG) and Andreas Willius (Head of Sales Stock Market Business Development, Deutsche Börse AG). The agreement on the Alex joint venture and the founding of the exchanges still require approval from the supervisory board of Deutsche Börse, as well as permission from the supervisory authorities and controlling bodies in Germany and Switzerland.

Information for editorial staff:

Logo Alex



Link Alex: www.alexchange.com

SWX Group

The SWX Group offers its customers a comprehensive range of solutions for the domestic and crossborder trading and admission of securities. Owing to its in-depth knowledge of local and international market circumstances, its inclusion of participants in the strategic and operational decision-making process, as well as its technological prowess, the SWX Group is in a position to develop qualitatively leading and cost-effective trading platforms that meet the specific needs of market participants.

Deutsche Börse Group

The Deutsche Börse Group, a DAX company and the world's largest securities exchange organisation, is a globally leading provider to the securities industry and offers a broad palette of products and services for issuers, investors, intermediaries and data vendors. The Group's activities cover the entire process chain, from trading, to clearing and settlement, to securities safekeeping. In addition, it offers market data, indices and analyses, and is a service provider for the development and operation of IT systems.

The most important markets within the Deutsche Börse Group are the Frankfurt Exchange and the world's largest futures and options exchange, Eurex, which is a joint undertaking of Deutsche Börse and the SWX Group. The Deutsche Börse communications network provides connectivity to this exchange for approximately 700 banks and brokerage houses throughout the world.

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SWX Group

The SWX Group ranks among Europe's pre-eminent providers of securities exchange services and offers its customers a comprehensive range of solutions for the domestic and crossborder trading of securities.

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