



XETRA QUOTE REQUEST

Best Execution for large-sized ETF orders

A whole new level of trading efficiency – from price discovery to settlement

In 2016, global assets under management in ETFs increased to US\$3.2 trillion for the first time, demonstrating continued investor interest across all asset classes. Without any doubt, ETFs have been one of the fastest growing financial instruments on capital markets for the last 15 years.

With Xetra Quote Request, Deutsche Börse offers a service which allows for an optimised on-exchange execution of large-sized ETF orders. It enables users to take full advantage of Deutsche Börse Group complete service chain – from trading, clearing and settlement to trade reporting and market data dissemination. The process is designed to achieve a high degree of automation, while at the same time reducing settlement and counterparty risks and ensuring compliance with best execution requirements for large orders.

How Xetra Quote Request works

Xetra Quote Request enables investors to send quote requests to all registered Designated Sponsors (market makers) of a selected ETF. Quote requests are submitted via a broker (trading member) and include the requested size as well as optionally the direction of the intended trade (buy or sell). Registered Designated Sponsors receive the member ID of the sending broker and respond to quote requests by updating their quotes in the Xetra order book. Investors can expect Designated Sponsors to respond within 120 seconds after submission of a quote request. In general, less-liquid products may require more time for processing than highly liquid products.

Orders can be entered at any point of time for execution against both resting orders and updated

quotes according to price-time priority. Investors therefore not only benefit from a potential price improvement over execution against a single market maker quote, but also ensure best execution by simultaneously interacting with the full liquidity available in the order book.

When entering orders for execution, investors can use various order types. In addition to market and limit orders, optional execution conditions such as Immediate-or-Cancel (IOC) and Fill-or-Kill (FOK) allow for further control over order executions in the Xetra order book.

Quote Request Entry Window (Xetra J-Trader)

The screenshot shows a software window titled "XE EXS1 - 593393 - FFM - Quot...". The window has a menu bar with "Window", "Select", and "Help". Below the menu bar are several icons. The main area of the window contains the following fields and controls:

- Exch: FFM
- Instr: EXS1
- Qty: 1.000
- Radio buttons for Buy, Sell, and Buy/Sell (selected)
- Submit and Cancel buttons

A cost-effective and risk-reducing service chain

Instead of having to negotiate ETF transactions bilaterally over-the-counter (OTC) or through request-for-quote (RFQ) systems, Xetra Quote Request allows for an optimised on-exchange execution of large-sized orders as well as cost-effective straight-through processing (STP), clearing and settlement.

Eurex Clearing acts as central counterparty (CCP) for ETF transactions on Xetra, thus providing settlement netting, failed trades management and client asset protection services. Furthermore, trading on Xetra is monitored by a Trading Surveillance Office to protect investors from abusive practices committed by single market participants.

Deutsche Börse's ETF and ETP Segment

Xetra is Europe's leading trading platform for Exchange Traded Funds and Exchange Traded Products. The product range includes more than 1,400 individual securities, thus providing investors with Europe's largest ETF and ETP offering. It covers all major asset classes including equities, fixed income, commodities and currencies. Xetra accounts for an average monthly ETF and ETP order book turnover of €14 billion, resulting in a highly liquid environment for executing orders on-exchange.

Currently more than 800 ETFs and ETPs are covered by the service. For an up-to-date list of supported products, please visit xetra.com/quote-request.

The most important advantages at a glance:

- Optimized on-exchange execution of large-sized ETF orders through combination of order book liquidity and Designated Sponsor quotes
- Cost-effective straight-through processing, clearing and settlement of all transactions
- Central counterparty clearing provides settlement netting, failed trades management and client asset protection services
- Automated trade reporting and market data dissemination
- Optional execution conditions such as Immediate-or-Cancel and Fill-or-Kill allow for further control over order executions in the Xetra order book

- Trading is monitored by Trading Surveillance Office to protect investors from abusive market practices

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