

Guidelines Direct Market Access at FWB

February 2026

Legal prerequisites for Direct Electronic Access (DEA) as stipulated by MiFID II



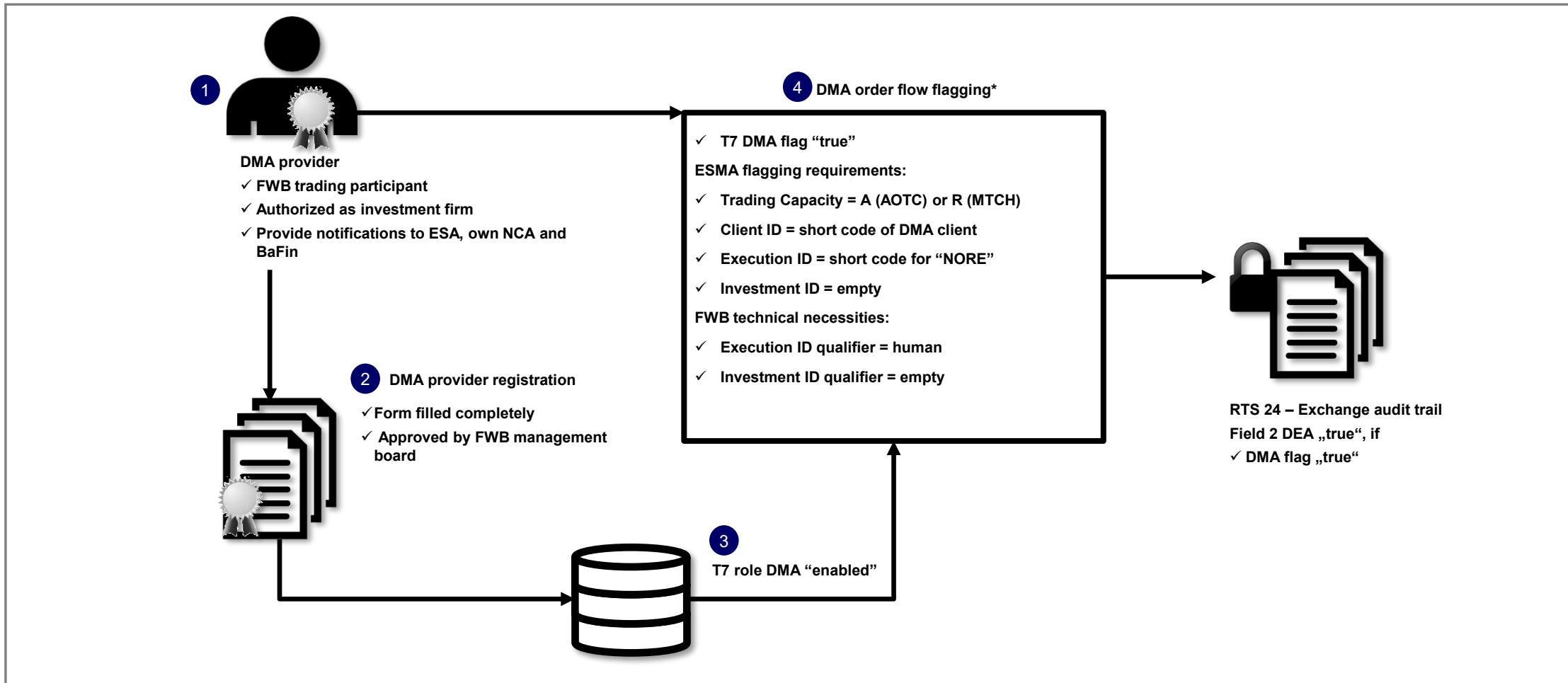
Regulatory prerequisites

- With the application of MiFID II, German trading venues have the possibility to allow **DEA** as an additional option for **indirect market participants to access their order books**.
- According to Delegated Regulation 2017/565 Art.20 trading venues are in a position to allow trading participants to grant their clients to “**exercise discretion regarding the exact fraction of a second of order entry and the lifetime of the order within that timeframe**”.
- According to MiFID Art (4)(41) DEA comprises **Direct Market Access (DMA)** and **Sponsored Access (SA)**: ‘direct electronic access’ means an arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and includes arrangements which involve the use by a person of the *infrastructure of the member or participant or client*, or any connecting system provided by the member or participant or client, to transmit the orders (**direct market access**) and arrangements where such an *infrastructure is not used* by a person (*sponsored access*).

FWB solution

- FWB allows trading participants to offer DMA for clients.
- In order to provide DMA to FWB, members must adhere to the following steps:
 - **Submit relevant notifications to Exchange Supervisory Authority, BaFin and National Competent Authority (if not located in Germany) (see slides 4 and 5)**
 - **Apply for authorization of DMA systems to FWB using the application form (see slide 6)**
 - **Adhere to the DMA flagging requirements (see slide 7) as set out in the FWB exchange rules**

Overview FWB approach



► Steps 1, 2, 3, 4 will be further elaborated on the following slides

*Flag enabled for usage if the trading participant is a registered DMA provider and the order is sent on an agent- or riskless-account, otherwise the order will be rejected.

Submission of DMA notification to BaFin and relevant NCA(s) in the home jurisdiction (1/2)



- From 3 January 2018, new notification requirements apply to investment services enterprises as a result of the transposition of the Markets in Financial Instruments Directive II (MiFID II) through the Second Act Amending Financial Markets Regulations (Zweites Finanzmarktnovellierungsgesetz – 2nd FiMaNoG).
- These notification requirements affect investment services enterprises that **offer direct electronic access (DEA)** to a trading venue.
- The notifications must be submitted to the authority responsible for supervising the investment services enterprise concerned.
- The application form „**Notification pursuant to section 77 (2) sentence 1 of the Securities Trading Act (third subparagraph of Article 17(5) of Directive 2014/65/EU)**” on the provision of direct electronic access acc. to section 2 para. 30 Securities Trading Act can be retrieved from the following link:

[Application form](#)

- Please provide the completed application form to:
Federal Financial Supervisory Authority (BaFin)
Email: deaanzeige@bafin.de
- Trading participants are advised to contact their own national competent authority to clarify potential additional requirements with the NCA in their home jurisdiction.

Submission of DMA notification to BaFin and relevant NCA(s) in the home jurisdiction (2/2)



- Exchanges in Germany are supervised by the authorities of the federal states.
- For this reason, investment services enterprises that **offer DEA** to a German exchange must submit notification to the Exchange Supervisory Authority responsible for the respective exchange.
- The application form „**Notification on providing Direct Electronic Access (DEA)**” for market participants of FWB can be retrieved from the website of the Exchange Supervisory Authority of the State of Hesse:

[Application form](#)

- Please provide the completed application form to:
Ministry of Economics, Energy, Transport and Regional Development
State of Hesse
Exchange Supervisory Authority
Email: reporting@wirtschaft.hessen.de

How to apply for authorization of DMA systems with FWB and receive the DMA role in T7



As shown on slide 3, market participants must apply for authorization of DMA systems with FWB:

- Please request from your key account manager (KAM) the form “Application for Authorization of Systems granting Direct Market Access (DMA system) according to §2 (9) of the German Exchange Act”.
- Please provide the completed application form to your KAM.
- The registered DMA provider will be enabled for DMA trading in the trading system T7, i.e., enabled for using the DMA flag in the order request.
- The trading system T7 needs an overnight batch in order to enable the role “DMA”.

Please note: The DMA flag is available only for registered DMA providers and in case FWB needs to stop DMA orders of a member (according to Article 48 (7) of Directive 2014/65/EU), the member will be disabled for DMA.

Application for Authorization of Systems granting Direct Market Access (DMA system) according to §2 (9) of the German Exchange Act

Applicant

FWB* Frankfurt Wertpapierbörse
 c/o Deutsche Börse AG
 Client Services Trading
 SOAS Frankfurt am Main
 Germany

DEUTSCHE BÖRSE
 CASH MARKET

DEUTSCHE BÖRSE
 CASH MARKET

Contact person

Xetra Member ID

Application for authorization to connect DMA systems to the Exchange EDP Trading pursuant to §38 of the Exchange Rules for the Frankfurt Wertpapierbörse (FWB)

We hereby apply for the authorization to connect DMA system(s) to the Exchange EDP Electronic Trading via the offered interfaces pursuant to §38 of the Exchange Rules for the Frankfurt Wertpapierbörse (FWB).

We are aware that we remain responsible for orders of indirect trading participants sent via DMA systems being compliant with the exchange regulations according to §19a of the German Exchange Act.

We declare that at all times we will uphold the conditions and instructions set out in §38 Exchange Rules as regards connecting and operating DMA systems.

In particular, we are aware that the forwarding of trading data and information from the EDP system of the FWB via the DMA system by an Exchange Participant to third parties requires the respective consent of the FWB Board of Management according to §112 FWB Exchange Rules.

We guarantee that we have obtained all necessary regulatory approvals required by the competent authorities to operate the DMA System or that such competent authorities, in particular the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) have confirmed that no regulatory approval is required for our specific business offered via the DMA System. We further guarantee to immediately stop operating the DMA System and immediately inform FWB in case we do not hold all regulatory approvals necessary for operating the DMA System anymore.

Date _____ Place _____ Company stamp and authorized signature (Company name in parentheses)

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MiFID II requirements to flag DMA order flow



Please be aware that **orders and trades shall be flagged as DMA**, if:

- the user can exercise discretion regarding the **exact fraction of a second of order entry and the lifetime of the order within that timeframe.**
- **no arrangements for optimization** of order execution processes are applied by the provider of DMA.

If both conditions are fulfilled, order flow must be flagged using the DMA flag (OrderOrigination = '5') in the order request in Trading capacity = A/R account = AOTC/MTCH.

Additionally, please apply the other DMA flagging requirements by the ESMA Guidelines on Transaction reporting, order record keeping and clock synchronization under MiFID II*, for Direct Market Access (DMA).

1. Please use the ESMA flagging requirements for DMA:

- Client ID = short code of DMA client
AND
- Execution ID = short code for "NORE"
AND
- Investment ID = empty

2. Please consider the T7 technical necessities:

- Execution ID qualifier = human
AND
- Investment ID qualifier = empty

*See ESMA Guidelines section 5.28. Transaction Reporting, order record keeping and clock synchronization under MiFID II (ESMA/2016/1452): https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf