

Xetra is the reference market for German equities and a wide range of European ETFs, offering highest liquidity in lit continuous trading and auctions for these instruments - making it the primary venue for price discovery. To leverage this position, Deutsche Börse Cash Market launched Xetra Midpoint in December 2024, a new dark pool which is seamlessly integrated into the Xetra market.

Xetra Midpoint serves a wide range of participants, from international banks and proprietary trading firms to member firms who are active on domestic venues and have long sought reliable dark pool access within the Frankfurt Stock Exchange framework.

With new clients onboarding and active clients ramping up their trading activity, turnover has increased constantly, from about €2 million average daily volume traded (ADVT) in December 2024 to €3.3 million in January 2025 and €9.2 million ADVT in February 2025. In March 2025, at the time this article was written, the highest daily turnover so far was EUR 30.8 million.

Liquidity on Xetra Midpoint has a unique profile compared to other dark pools in Europe. It has a distinct active and growing client base, and real-time reference prices which eliminate adverse selection risk coming from stale prices and latency arbitrage - something which occurs frequently on other venues.

Two different order types for Xetra Midpoint trading

Xetra Midpoint is a trading model under the exchange rules of the Frankfurt Stock Exchange that is exempted from pre-trade transparency under a MiFIR reference price waiver. Midpoint

Xetra Midpoint Dark Pool Expands Quickly

After three months in the market, Deutsche Börse's Maximilian Trossbach and Lukas Neumann share first insights into their dark pool - Xetra Midpoint - from the technical and functional design, to facts and figures that are not in the public market data.



orders in the Xetra Midpoint order book are never displayed and can be equipped with order limits to prevent execution if the prevailing midpoint price is beyond that limit, and a minimum acceptable quantity (MAQ) to make sure the order is not partially executed below the defined size.

Clients can trade the real-time midpoint of the best bid/best ask spread of Xetra's central limit order book during lit continuous trading. The technical design ensures that all incoming orders are strictly sequenced across both order books and are processed one-by-one in the same central matching engine, with the reliability and speed that clients can expect from the T7 trading system.

This is the technical foundation for Deutsche Börse Cash Market to also offer a dark-to-lit sweep order

that has no latency disadvantage compared to orders going directly to the central limit order book - a "no regret" option for a price improvement.

Sophisticated matching logic facilitates timely execution of the highest possible volume

Orders in the Xetra Midpoint order book are prioritised by their volumes and their entry timestamps (in case of identical volumes), and under consideration of individual MAQs. The matching algorithm of Xetra Midpoint combines the advantages of auction mechanisms and continuous trading, facilitating immediate execution at order entry, and orders are matched in a way that maximise the overall executable volume across both sides of the order book at the current midpoint price. Executions can



take place with every order entry (or modification) into the Xetra Midpoint order book, but also with each event in the central limit order book that results in a new midpoint price. This ensures that resting midpoint orders interact seamlessly with incoming sweep orders, other midpoint orders, or a combination of both.

How is liquidity building up in Xetra Midpoint?

While Xetra Midpoint trading is available for more than 350 equities and well above 1000 ETFs, initial liquidity is naturally concentrated on DAX shares where more than 80% of the overall volume has been traded so far. Across all instruments, as per end of February, 53% of all trades were "midpoint order(s) against midpoint order(s)" and 47% were "sweep

order against midpoint order(s)". Interestingly, around 15% of all midpoint orders, which together account for more than half of the entered order book liquidity, use MAQs.

Of these, the orders that are disproportionately likely to be executed are those with an MAQ around the average trade size. Clearly because they are larger, but maybe also because traders feel more comfortable to leave these orders in the book for longer. The average trade size in Xetra Midpoint is currently in the typical range between €5,000 and €9,000 for different shares, however, the largest single trade on Xetra Midpoint so far took place in the Deutsche Telekom share and was above €1 million.

It is a very positive sign that the increase in trading volumes

that we have observed is mainly generated by additional genuine midpoint liquidity that is routed to the market as more and more clients integrate Xetra Midpoint into their algo wheels for dark pool executions, or intensify their prop trading activities.

A substantial fraction of midpoint orders come with a "good for day" validity, meaning the order is ready to sit passively on the book. However, even today, notwithstanding any further ramp-up activity that we see, there is ample room for additional midpoint executions as the volume of midpoint orders currently entered far exceeds the volume executed.

The Xetra Midpoint order book is dark which makes it difficult for traders and algos to target this liquidity. The easiest way for Xetra participants to tap this liquidity is to use sweep orders by default when trading in the central limit order book. This "liquidity spillover effect" will automatically increase fill rates and the execution speed of passive midpoint orders and will ultimately also lead to attractive midpoint trading opportunities in those shares where there are currently only few or no executions.

Xetra Midpoint's sophisticated design offers a compelling solution for participants who seek dark execution or price improvement for their aggressive trading strategies or want to place high-priority passive orders without the risk of adverse price movements. Volume-time priority, precise midpoint pegging and strict order sequencing thoroughly complement Xetra's central limit order book, offering new opportunities for efficient and effective trading.

Visit www.xetra.com/midpoint to learn more and sign-up for our Xetra Midpoint Newsletter.