Deutsche Börse Xetra

Handbook for Regulated Market Makers on Deutsche Börse Xetra (MiFID II)

November 2025

Public

Guide for Regulated Market Makers under MiFID II

10 November 2025

Abstract

This document outlines the requirements under MiFID II for investment firms operating algorithmic trading and pursuing a market making strategy on Deutsche Börse Xetra.

Table of contents

1 Introduction....1

2 Obligation for investment firms to apply for admission as Regulated Market Maker....1

3 Market making requirements....2

4 Market Making Scheme....4

5 Performance Measurement and Performance Reports....5

6 Exceptional Circumstances....6

7 Regulated Market Maker and Designated Sponsor....8

8 Admission process for Regulated Market Makers and Designated Sponsors....8

1 Introduction

With the introduction of MiFID II (effective since 3 January 2018), trading members and trading venues are required to comply with requirements relating to market making strategies. Art 17 and Art. 48 of Directive 2014/65 (EU) and Commission Delegated Regulation (EU) 2017/578 (previously: RTS 8) serve as the regulatory basis. This document is a guide for trading members who are investment firms that operate algorithmic trading and pursue market making strategies on Deutsche Börse Xetra to ensure that they are MiFID II compliant. It contains information on the following topics:

1) Obligation for investment firms to apply for admission as Regulated Market Maker
2) Market making requirements
3) Market Making Scheme
4) Performance measurement
5) Exceptional circumstances
6) Regulated Market Maker and Designated Sponsor
7) Admission process for Regulated Market Makers and Designated Sponsors

2 Obligation for investment firms to apply for admission as Regulated Market Maker

Based on Commission Delegated Regulation (EU) 2017/578, Article 1, investment firms operating algorithmic trading pursuing market making strategies on the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange, FWB) in the market model “Continuous Trading with Intraday Auctions” (i.e. on the market Deutsche Börse Xetra) are required to become a registered Regulated Market Maker on the Frankfurt Stock Exchange.

Trading participants pursue a market making strategy on FWB if they

a. post firm, simultaneous two-way quotes of comparable size and competitive prices and
b. deal on their own account;

both in at least one financial instrument, for at least 50 percent of the daily trading hours of continuous trading, excluding opening, intraday and closing auctions and volatility interruptions, and at least during half of the trading days of a month.

In this context:

- a quote is deemed to be a firm quote if it includes orders or quotes that can be matched against opposite orders or quotes in the order book;
- orders and quotes are deemed simultaneous two-way quotes if they are posted in such a way that both the bid and the ask price are present in the order book at the same time;
- orders and quotes shall be deemed of comparable size when the posted volumes on the bid and ask side do not diverge by more than 50 percent from each other;

- orders and quotes are deemed to have competitive prices when they are posted at or within the maximum bid-ask price range that is determined by the Management Board of the Frankfurt Stock Exchange.

It is the responsibility of trading members to apply for admission as Regulated Market Maker with the Frankfurt Stock Exchange if a market making strategy is pursued in at least one instrument. Trading members will not be contacted in advance by the Frankfurt Stock Exchange if potential market making strategies have been identified. Please note that the Trading Surveillance Department of the Frankfurt Stock Exchange may investigate the trading behaviour of trading members in case of non-registration.

For the identification of a market making strategy, trading activities on the P-and M-accounts are relevant.

3 Market making requirements

The Frankfurt Stock Exchange has incorporated the requirements on market making from Commission Delegated Regulation (EU) 2017/578 in the Exchange Rules for the Frankfurter Wertpapierbörse in §§ 79 and 80. Based on the rules set out in the Exchange Rules, the following requirements apply for admitted Regulated Market Makers:

- An admitted Regulated Market Maker is required to provide firm quotes in at least one instrument during 50 percent of the daily trading hours on a monthly average. The required quotation time excludes opening, intraday and closing auctions, volatility interruptions and exceptional circumstances (as defined in Article 3 of Delegated Regulation (EU) 2017/578).
- The maximum bid-ask spreads are determined by the Management Board of the Frankfurt Stock Exchange and are available in the master data sheet of all tradable instrument on www.cashmarket.deutsche-boerse.com. The maximum spread is the same as for Designated Sponsors.
- The size of two-way orders may not diverge by more than 50 percent from each other (bid volume vs. ask volume). A minimum quotation size does not apply for Regulated Market Makers.
- An admitted Regulated Market Maker is required to use the M-Account and to flag orders and quotes that are submitted in the context of their market making strategy with the Liquidity Provision Flag.
- It is expected that just one buy order/quote and one sell order/quote at any point in time in any single instrument is available in the orderbook.
- According to the Commission Delegated Regulation (EU) 2017/578, Article 3, admitted Regulated Market Makers are not obliged to provide liquidity during exceptional circumstances. The performance measurement will be suspended for the affected time. Exceptional circumstances defined by the Frankfurt Stock Exchange typically affect all instruments in a market and are communicated via Newsboard message – see chapter 6 for further details.
- In case of exceptional circumstances on investment firm level (Commission Delegated Regulation (EU) 2017/578, Article 3 d), admitted Regulated Market Makers have to inform Market Supervision (cmmarketcontrol@deutsche-boerse.com) in case of disability to maintain

prudent risk management practices without undue delay specifying the instruments, expected duration time and the reasons for disability to maintain prudent risk management practices. Regulated Market Makers have to inform Market Supervision in due time when exceptional circumstances no longer apply.

- An admitted Regulated Market Maker is obliged to be always reachable during the trading hours of the products for which they pursue a market making strategy.
- An admitted Regulated Market Maker is obliged to maintain records of firm quotes relating to its market making activities, which are clearly distinguished from other trading activities, to make those records available to the Management Board of the Frankfurt Stock Exchange and to keep these records for at least five years.
- A registered Regulated Market Maker has to deploy effective systems and controls that ensure that it fulfil its obligations at all times.

In the table below, the minimum requirements for Regulated Market Makers are presented in an overview:

Requirements for quotes / two-sided limit orders

	Equities				ETFs & ETPs
Liquidity class	LC 1	LC 2	LC 3	LC 4	
Maximum Spread [1) 2)]					
≥ 8.00 €	2.00%	3.00%	4.00%	2.00%	
≥ 3.20 €	0.16 €	0.24 €	0.32 €	0.16 €	Product specific
≥ 2.40 €					
≥ 1.60 €			10.00%		
≥ 1.00 €	10.00%	10.00%		10.00%	
< 1.00 €	0.10 €				
Comparable Size[3)]	Bid- and Ask volume may not diverge by more than 50%				
Minimum participation rates on monthly average					
Continuous trading[4)]	50%				

1) Spread (percentage)=((Ask/Bid)-1)*100; Spread (absolute) = Ask – Bid
2) During “Stressed Market”, the maximum spread is doubled for the respective instrument
3) ABS(Ask Vol – Bid Vol)/MAX(Ask Vol ; Bid Vol) <= 0,5
4) The monthly participation rate is calculated by taking the average of daily participation rates.

The applicable maximum spread per instrument, as well as the assignment to one of the Liquidity Classes (for equities only) for the current trading day is published in the "all tradeable instruments" file for T7 (XETR) on www.cashmarket.deutsche-boerse.com.

For equity instruments, the Liquidity Class is calculated once per month based on recent order book turnover and XLM (Xetra Liquidity Measure) observations. The relevant price threshold per instrument is determined once per week at the end of the first trading day of the week, always based on the last closing price from the previous week and effective from second trading day of the week onwards.

For ETFs and ETPs, the maximum spread is defined per instrument in alignment with the issuer. Changes can be made anytime, but generally do not become effective intraday.

4 Market Making Scheme

Based on Commission Delegated Regulation (EU) 2017/578, Article 6, trading venues are required to offer a market making scheme, for instruments for which there is a liquid market, under stressed market conditions.

The Market Making Scheme is published under www.cashmarket.deutsche-boerse.com under menu items Trade > Xetra > Designated Sponsor and Market Maker or directly under www.cashmarket.deutsche-boerse.com/cash-en/trading/Xetra/Designated-Sponsor-and-Market-Maker

Each admitted Regulated Market Maker is entitled to receive incentives in each registered instrument that is defined as liquid under the condition of a presence time of at least 50 percent during all stressed market conditions identified in the respective month. During the period of stressed market conditions, the maximum spread parameters are doubled, taking into account the additional risk under such conditions.

The respective instruments are identified by a T7 flag available in the downloadable master data file with all tradable instruments ("Regulatory Liquid Instrument").

Stressed Market Conditions are determined per instrument when an extended volatility interruption is triggered and the executed volume (in units) exceeds significantly the average volume per price tick of the previous three months. The Stressed Market Condition lasts 60 minutes and can be prolonged when conditions for a stressed market are detected again.

Start and end of Stressed Market Conditions are communicated to the market using the flag "SM" via the T7 market data interface.

5 Performance Measurement and Performance Reports

Regulated Market Makers receive daily performance reports to monitor their compliance with market making requirements and if conditions have been met to be entitled for receiving incentives under the market making scheme.

The performance measurement is based on the following conditions:

a. Only flagged orders and quotes that are entered via M-Account in registered instruments on member level (not member-ID level) are used for performance measurement;
b. Only single buy and sell orders/quote pairs with comparable size are considered; any combination of order/quote pairs with a deviation in value (price multiplied by number of shares) of more than 50% are considered not to meet the obligations; the calculation uses the following formula to measure the comparable size: ABS(Ask Vol - Bid Vol)/MAX(Ask Vol ; Bid Vol) <= 0.5
c. Only single buy and sell orders/quotes with comparable sizes within the maximum spread thresholds are considered; the calculation uses the following formulae to measure the spread: ((Ask/Bid)-1)*100 <= maximum spread (in percent) or Ask – Bid <= maximum spread (absolute)
d. The best priced single buy order/quote and best priced single sell order/quote at each point in time that meet the obligations as defined by a. – c. is used to determine if the member has reached the required presence time of 50 percent of the daily trading hours during which continuous trading takes place on a monthly average.
e. In the context of the market making scheme, the required presence time of 50 percent during Stressed Market Conditions is calculated as the sum of the presence time during all Stressed Market Conditions in relation to the total Stressed Market Conditions time of the respective instrument in the respective month.
f. The performance measurement is carried out every time an add, modify, delete or execution event occurs in relation to flagged orders/quotes.
g. For periods of exceptional circumstances, performance measurement will be suspended (for details on exceptional circumstances see chapter 6).

For Designated Sponsors, the Market Maker performance measurement is always performed in parallel to the Designated Sponsor performance measurement. In case the Designated Sponsor performance measurement is suspended due to unusual market fluctuations (e.g. “FDAX Rule” or “Fast Market” – see Designated Sponsor Guide for details), the Market Maker performance measurement continues.

Deutsche Börse offers Regulated Market Makers the following reports to monitor their performance:

- PM010 Performance Report Equities RMM: for equities only
- PM020 Performance Report ETFs & ETPs RMM: for ETFs & ETPs only

The PM010/PM020 performance reports inform the Regulated Market Maker of his compliance with minimum requirements in regards of participation rate in continuous trading on the preceding trading day and aggregated over all trading days since the beginning of a month. It further includes performance data of participation during stressed markets and based on the results if the RMM is entitled for reimbursement of transaction fees according to the Deutsche Börse Xetra price list.

Apart from participation rate in continuous trading, the report informs about transactions in terms of units, trades and value based on matched quotes/orders as Regulated Market Maker and about the average time weighted spread and average quotation volume in units in each instrument.

The report PM010 lists only equities. The report PM020 outlines performance data for ETFs & ETPs. The report structure for both is the same.

The reports are provided in XML format and data can easily be exported to MS Excel.

A detailed description is available in the T7 XML Report Reference Manual that is available for download on the website www.cashmarket.deutsche-boerse.com under

Data & Tech > Initiatives & Releases > T7 Release XX.Y > Reports.

For "Release XX.Y", please select the current system release or any other available release that is of interest.

The reports are available for download on the Common Report Engine accessible via the Member Section. The Member Section is available through the following link: https://membersection.deutsche-boerse.com/.

Trading members need access rights to Member Section and Common Report Engine first. Detailed descriptions are provided by user guides. If personal assistance is needed, Technical Key Account Management is available at +49 69 211 10888.

6 Exceptional Circumstances

FWB has to make public the occurrence of market-wide exceptional circumstances (as opposed to investment firm specific exceptional circumstances) as stipulated by Article 4 of Commission Delegated Regulation (EU) 2017/578. For periods of exceptional circumstances, performance measurement for regulated market makers will be suspended. Suspension of performance measurement is performed ex post by Cash Market Services. In case an instrument is in "Stressed Market Conditions" (short: SMC) while exceptional circumstances prevail, exceptional circumstances overrule stressed market conditions. Prevalence of exceptional circumstances does not necessarily mean that trading is interrupted – but a trading halt may be declared nevertheless (see Exchange Rules for the Frankfurter Wertpapierbörse §44).

6.1 Trigger and Duration of Exceptional Circumstances

Exceptional circumstances are triggered manually (event-based) or automatically under the following conditions:

- Extreme volatility when most instruments (50 percent +1 of all tradable ISINs) are in a volatility interruption at the same time (automated trigger)

- War, industrial action, civil unrest, or cyber sabotage (triggered manually by FWB Management Board)
- Disorderly trading conditions on Xetra, i.e. significant increase of processing times, loss of connectivity for many participants or multiple erroneous executions of transactions (triggered manually by FWB Management Board)

In case of an automated trigger, the standard duration of exceptional market conditions is 60 minutes. After 30 minutes, the trigger condition is checked again. In case the majority of all tradable ISINs is still in a volatility interruption at this point, exceptional market conditions are prolonged, i.e. the 60 minutes interval starts again. Otherwise, exceptional market conditions end after the first 60 minutes.

In case of a manual trigger by the FWB Management Board, the standard duration of exceptional market conditions is the end of the trading day, i.e. the end of the Closing Auction. In case the triggering condition ceases to exist, FWB Management Board may also end exceptional market conditions earlier. In case trigger conditions are still valid on the next trading day, the duration of exceptional market conditions is not extended automatically. Instead, the situation is re-assessed by the FWB Management Board and exceptional circumstances are triggered manually again.

6.2 Communication

Exceptional circumstances are announced as “Exceptional Market Conditions” (short: EMC) via Xetra Newsboard Messages (accessible via T7 Trader GUI, Enhanced Trading Interface and publicly under www.cashmarket.deutsche-boerse.com/cash-en/Stay-Informed/newsroom/Xetra-Frankfurt-Newsboard.

The **start of EMC** is communicated using the following message:

Title: **Exceptional Circumstances start in XETR**

Message Text (in case of manual trigger by FWB Management Board): The management board of the Frankfurt Stock Exchange has announced exceptional market conditions according to Article 3 of Commission Delegated Regulation (EU) 2017/578 due to [FREE TEXT FOR SPECIFICATION OF TRIGGER EVENT]. This is effective immediately until further notice.

Message Text (in case of automated trigger): Extreme volatility

The **end of EMC** is communicated using the following message:

Title: **Exceptional Circumstances stop in XETR**

Message Text: The management board of Frankfurt Stock Exchange has asserted that reasons for exceptional market conditions according to Article 3 of Commission Delegated Regulation (EU) 2017/578 no longer prevail. This termination is effective immediately.

Message Text (in case of automated trigger): Extreme volatility

6.3 Resumption of Normal Market Conditions

After the end of exceptional market conditions, performance measurement for regulated market makers resumes.

7 Regulated Market Maker and Designated Sponsor

A Designated Sponsor is a Regulated Market Maker with higher requirements. In addition to the obligations of a Regulated Market Maker to enter firm quotes of at least 50 percent during continuous trading, a Designated Sponsor commits himself to fulfil higher requirements. Such requirements include minimum participation rates in auctions and volatility interruptions, minimum quotation volumes, and higher participation rates in continuous trading.

Designated Sponsors can also benefit from reimbursement of transaction fees for passive executions under normal and stressed market conditions if additional requirements are fulfilled.

The Designated Sponsor incentive scheme is described in the Deutsche Börse Xetra Price List.

More details on Designated Sponsoring are available on www.cashmarket.deutsche-boerse.com/ds and in particular the document “Designated Sponsor Guide” published there.

8 Admission process for Regulated Market Makers and Designated Sponsors

A trading member of FWB who pursues a market making strategy according to the Commission Delegated Regulation (EU) 2017/578, Article 1, in the trading model “Continuous Trading with Intraday Auctions” is required to apply for admission as a Regulated Market Maker on the Frankfurt Stock Exchange. The admission form is available through the following link:

www.cashmarket.deutsche-boerse.com/cash-en/trading/Xetra/Designated-Sponsor-and-Market-Maker/regulated-market-maker

The admission form is proceeded by Group Client Key Account Management Trading. All Designated Sponsors have to submit the Regulated Market Maker application form in addition to signing the private agreement with Deutsche Börse. The “Agreement on Assignment as Designated Sponsor” is available through the following link:

www.cashmarket.deutsche-boerse.com/cash-en/trading/Xetra/Designated-Sponsor-and-Market-Maker

After being admitted as a Regulated Market Maker, the registration in single instruments in which a market making strategy is pursued, has to be proceeded in the eListing tool, accessible via the Member Section.

Trading Participants who are admitted as Designated Sponsors can register in single instruments in the eListing tool, choosing between the role of Regulated Market Maker or Designated Sponsor. Trading Participants who only submitted the application form for Regulated Market Maker can register

in single instruments as Regulated Market Maker only. The registration as Designated Sponsor always includes the registration as Regulated Market Maker in the respective instrument(s).

In accordance with the Commission Delegated Regulation (EU) 2017/578, the names of Regulated Market Makers and Designated Sponsors in each registered instrument are published in the downloadable master data file with all tradable instruments. The file with all tradable instruments also includes all quote parameters and is available through the following link:

www.cashmarket.deutsche-boerse.com/cash-en/trading/instruments