

Convenience translation from German into English



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Minister Schäuble, ladies and gentlemen,

Thank you very much for your words – a speech not just for 2014, and not just for Germany as a financial centre, but also for the whole of Europe as a business location.

The German economy to which all of you, as well as Deutsche Börse, contribute every day, is no longer conceivable without Europe – and Europe in turn is a successful idea, in both political and business terms. But, a lot of hard work is still needed to advance the idea. Strong values and conviction, and, on occasion, strong hands are also essential to avoid undesirable developments of any kind. Personally, I welcome the Europeanisation of German policy, while also holding on tightly to the principle of national sovereignty. Europe's *political* union has had many positive effects. And Europe's *economic* union has also brought about considerable prosperity and employment.

So it's certainly not wrong to engage in discussion about Europe. But it must be clear: it should be about advancing, not about developing alternatives to a united Europe. Simply, because there are no alternatives. Instead of – as is happening here and there particularly after the disastrous developments in parts of Europe – risking *splitting up* Europe, we should actually promote *opening up* Europe – with all due caution but without excessive haste or naiveté. Let us look at the major developments: the old parameters in our industry are shifting. One thing is certain: London continues to be an important financial centre, even if shortcomings in local financial supervision contributed to the financial crisis. The US remains a pioneer in many respects, even though specific events in that country also triggered the financial crisis. They are ahead of us in re-regulation of capital markets and they made use of the crisis to rapidly create new and effective banks and stock exchange organisations which have been strengthened through mergers and disciplined through sanctions. We in Europe do our best but all too often quarrel over dubious bureaucratic and wrong regulatory hurdles.

To avoid any misunderstanding, let me state that I am a fan of good regulation. But I stress the word "good", meaning professional. After all, we are involved in a global competition in regulation.

And this competition is not primarily about Europe or the US any more. It's about Asia as well. Asia is where the strong new competitors are located. Asia is also where the new really dynamic markets are located, which are creating prosperity for their countries.

This time last year, I told you that we were accelerating our entry into Asia and would continue along this path with great drive, that we saw key future growth not in Europe and not in North America either, but in Asia. A lot has happened since then. We agreed upon a strategic alliance with the Bank of China; we concluded agreements with the Korean Stock Exchange. The Bombay Stock Exchange now uses our trading technology and we have made great strides in derivatives in Singapore. And at the beginning of this year we invested in the Taiwan futures exchange, to name just a few examples.

With Deutsche Börse, the European Central Bank and established trade relations between Germany and China, we have established favourable conditions to make Frankfurt a European centre for financial market activities in China. This will only succeed however, if the important institutions, policymakers and the financial centre here all pull together as a team. This will also largely determine our work in 2014 and beyond. We will not slow down our pace here in Europe; we will also continue to increase our presence in Eastern Europe, the Middle East and North America. And we will also continue to be successful here even if Europe does not always make it easy. But we will grow above all in Asia. This path is not paved in stone but we have started our journey and been successful in following it. There is scarcely any stock exchange organisation in the world with such a presence in Asia as Deutsche Börse AG. This fact also serves Europe's labour market, but let me also say that Europe needs to keep an eye on its competitiveness.

Minister, under your guidance, the view that the financial sector serves the real economy and not the other way around has been re-established. The Ministry of Finance, with you still at the helm, can build on the successes you achieved during the past two legislative periods. As you know, we did not agree with all of your initiatives, but that's how it goes in a democracy.

However, we share the same basic belief that the market economy also has to fulfil a social obligation and that the "Rhine capitalism" model of an economy buffered by corporations and focussed on the long term, with strictly regulated markets – *which are free for that very reason* – is fundamentally superior to the Anglo-American capitalism model of deregulation. And the state of Hesse is charting new courses too – that may even turn out to be the paths of the future.

Ladies and gentlemen, the financial crisis, which started in the US in 2007 and which reached an unanticipated degree of severity in Europe as well due to the debt crisis, is in its seventh year. It is in no way over; at best we are currently in a phase of working things out, clearing away debris and starting over from scratch. And it is not only for this reason that are we looking forward to what the new federal government and also the Hessian government are going to deliver. Policymakers, regulators and the enlightened, clever parts of the financial sector are in the process of returning more stability and fairness to the capital market. Whether they will succeed depends primarily on the rules themselves as well as their implementation. In this context, two factors are crucial: firstly, we should not attempt to go it alone as individual countries and should ensure a level playing field, especially vis-à-vis the US. And secondly, it is crucial that we apply the rules *with a sense of proportion*. Structural change is necessary but structural change also needs to be affordable and realistic. It should not be undertaken at the expense of those it is actually intended to benefit, i.e. investors and companies in the real economy. Because this is the very reason for our existence: to provide services to the economy and to companies.

Constituting the largest economy in Europe, Germany should also host the best financial centre in Europe. This is essential if our financial sector is supposed to finance the real economy's growth requirements in the future. This is the only way Germany can continue to play its leading economic role in the EU. Each and every regulation must take this interest into account – especially regulation at EU level.

This brings my brief speech to a close. We are all looking forward to the new year and we at Deutsche Börse AG are confident that we will achieve a great deal in 2014 as well.

2014 can turn out to be a good year which can support Europe's advance. And this, Mr Schäuble, is what we are all aspiring to. Perhaps we should also invest one or two euros in improvements in education so that we can profit from well informed Europeans. I mention this because Europe is also familiar with the horrendously embarrassing comments of our football legends. As a football fan, you will agree with me.

So, let me as a convinced European conclude with a legendary quote from Andy Möller as he –impressed by the prospect of earning even more money abroad – euphorically spoke that wonderful, memorable sentence into the microphone, "Milan or Madrid – just as long as it's Italy!"

Thank you very much, Mr Schäuble, ladies and gentlemen. I wish you some inspiring discussions!