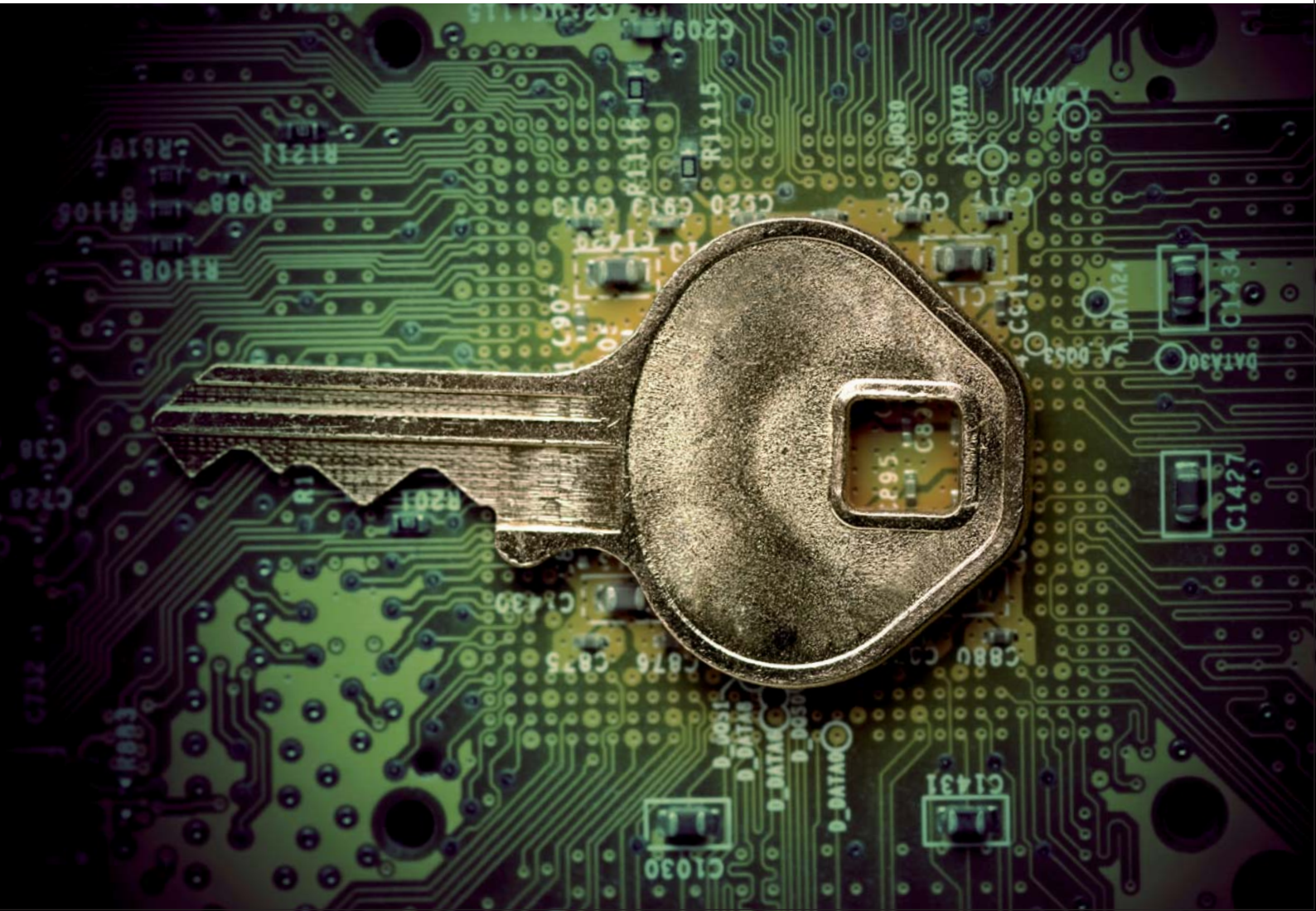




TRADEGATE AG

WERTPAPIERHANDELSBANK

Annual Report 2009





TRADEGATE AG
WERTPAPIERHANDELSBANK

TRADEGATE AG WERTPAPIERHANDELSBANK

WKN 521690, ISIN DE0005216907

31 December 2009

Capital stock	24,181,450 € = 24,181,450 individual shares
Berliner Effektengesellschaft AG	76.02 % = 18,382,343 individual shares
BNP Paribas	19.80 % = 4,788,020 individual shares
Free float	4.18 % = 1,011,087 individual shares
Balance sheet total	34,090,555.31 €
Equity	30,231,964.30 €
Share price at the end of the year	6.95 €
Result per share	0.091 €
Proposed dividend	0.08 €
Number of employees	78

PREFACE	04
REPORT OF THE BOARD	06
Securities transactions	06
Market share development	07
ANNUAL FINANCIAL STATEMENTS OF THE TRADEGATE AG WERTPAPIERHANDELSBANK	12
Assets	12
Equity and liabilities	13
Income statement	14
Notes to the financial statements 2009	16
Management report	26
Auditors´ report	37
REPORT OF THE SUPERVISORY BOARD	38
CONTACT IMPRESSUM	43

**DEAR SHAREHOLDERS, BUSINESS PARTNERS AND FRIENDS OF
SECURITIES TRADING,**


“First they ignore you, then they laugh at you, then they fight you, then you win.” Mahatma Gandhi’s words are a more than accurate description of the development of the Tradegate Exchange. Back in 2001, when we set up TRADEGATE® as a securities trading platform perfectly suited to the needs of private investors, many people laughed at our business model. Private investors, with their orders of on average less than five thousand Euros, were considered as “bycatch” just to be added on to other, larger orders coming from institutions. As it later became clear that such a specific business concept targeted at private customers can be successful, the mockery stopped and others tried to copy individual elements of TRADEGATE®’s success. Other markets followed suit and dispensed (at least partly) with their broker’s fee or announced that they would in future offer order types especially for private customers, orders that TRADEGATE® had already had in its portfolio for a long time. In the end it is the customer who decides and TRADEGATE® now has more than 30 % of all share transactions compared with all German regional exchanges including the Frankfurt exchange floor.



The guarded optimism expressed in these lines last year proved to be well founded. The number of transactions carried out in connection with our activity as order book manager on the Berlin and Frankfurt stock exchanges fell by another 60.87 % (previous year 61.8 %). However, even in a time of overall decline in the numbers of shareholders and transactions, our company helped the platform TRADEGATE® to a new record of 2,376,229 transactions in 2009. Despite difficult times TRADEGATE® has achieved a growth of 3.3 % compared with last year (2,300,221 securities transactions) and this shows that the right road is always the right road, even if it is not blessed with sunshine.

For the Tradegate Exchange the year 2010 promises to be busy with projects focusing on integration into the Deutsche Börse Group with the aim of opening up markets in Europe. The increase of public attention in the Tradegate Exchange and the new majority shareholder of its operating company (Deutsche Börse AG holds 75 % plus one share in Tradegate Exchange GmbH) will hopefully give a further boost to the number of transactions.

The Tradegate AG Wertpapierhandelsbank will continue to act as a Market Specialist for the Tradegate Exchange and XETRA. Furthermore, in its role as order book manager it will make every effort to support the regional exchanges in Frankfurt and Berlin. We will play an active part in the restructuring of the stock exchanges in Germany and are convinced that – just as XETRA is the primary trading place for institutional investors – the new Tradegate Exchange has a good chance of establishing itself as the exchange for private investors in Europe. For, as Mark Twain said, “The man with a new idea is a crank until the idea succeeds”.



HOLGER TIMM



KERSTIN TIMM



JÖRG HARTMANN



KLAUS-GERD KLEVERSAAT



THORSTEN COMMICHAU

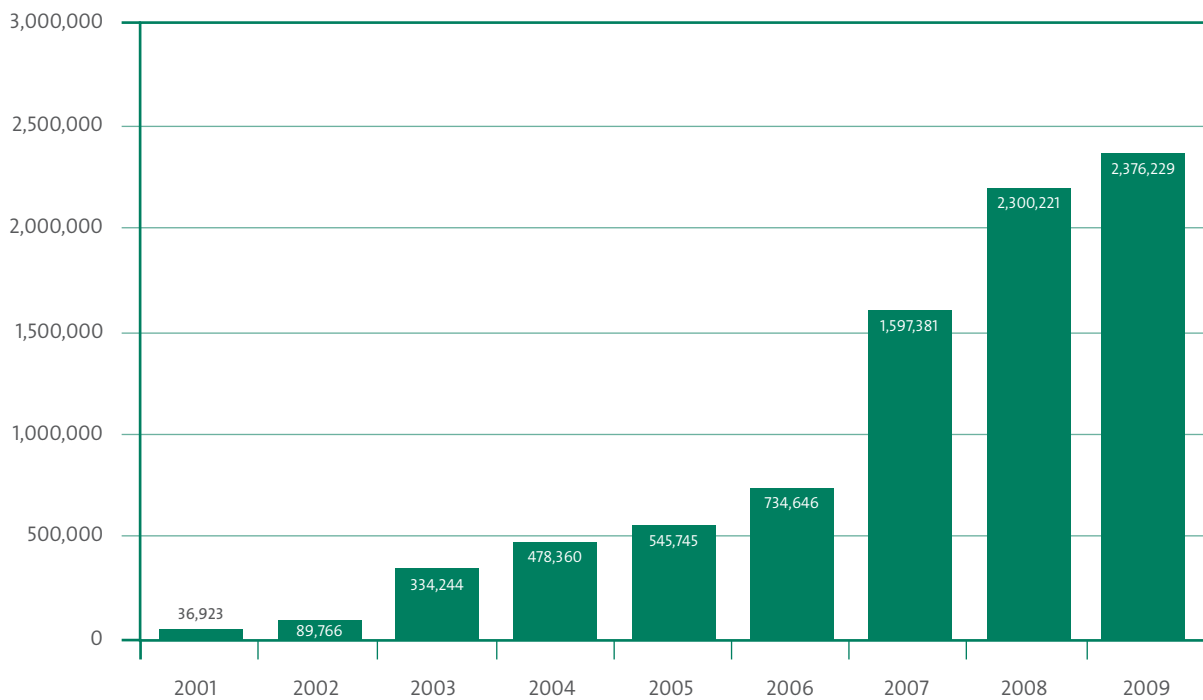


REPORT OF THE BOARD FOR THE YEAR 2009

The beginning of the business year 2009 proved to be extremely difficult. During the months of January and February sales were unusually low – very probably as a result of the capital returns tax, commonly known as withholding tax, which came into effect on 1 January. Once the situation on the stock markets gradually began to stabilise in March the slow start to the year could be compensated for by good trading over the summer. To summarise, the picture for the whole year was a normal level of business activity.

In 2009 two main trends continued: business on the trading floors was characterised by sharply declining sales figures (our company took a loss of 60.87 percent) but on TRADEGATE® we achieved a new record in the number of transactions for the year (2,376,229 trades in shares and ETFs).

NUMBER OF SECURITIES TRANSACTIONS ON TRADEGATE®
Comparison 2001 - 2009



In France, the company's development in trading was particularly good. The number of trades could be increased from 137,331 in 2008 to 152,124 in 2009 – considering the general market situation this success is all the more significant. In order to provide other foreign, particularly French, customers with access to trading on TRADEGATE® an important strategic partnership was entered into and by 31 December 2009 the French company BNP Paribas held a 19.8 percent stake in our company.

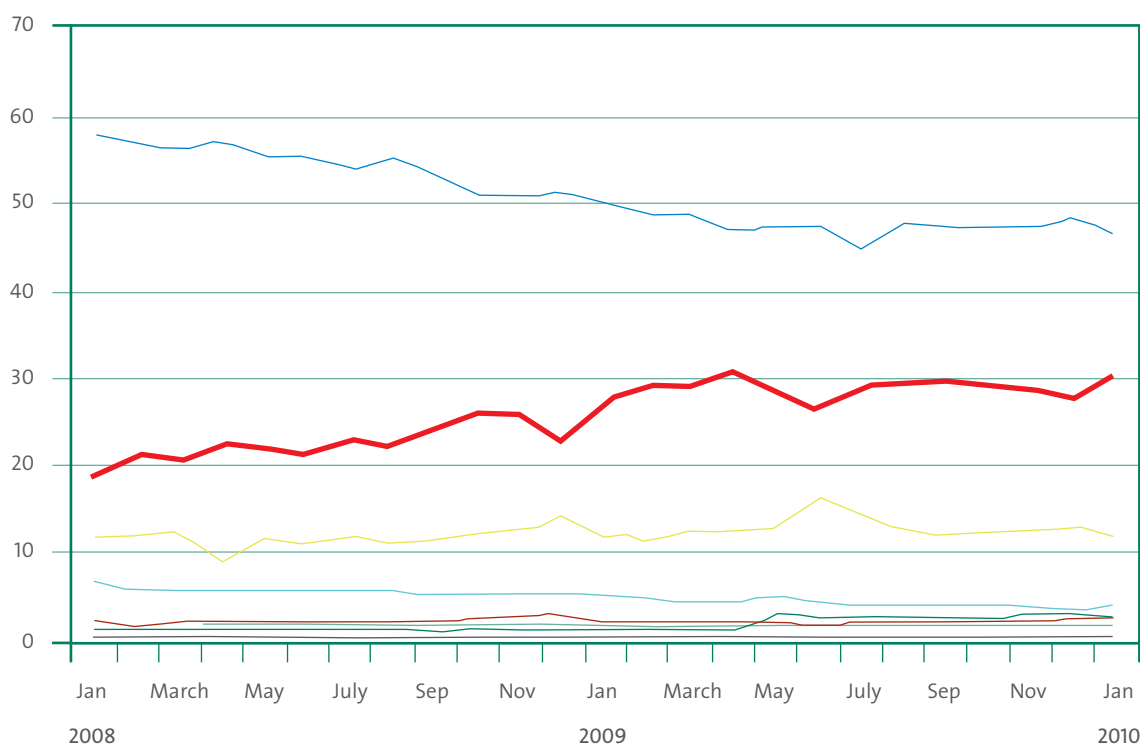
The development of the off-market exchange TRADEGATE® to Europe's leading market for private investors has continued. Since the operation of such a platform is not one of our core competencies we are happy, thanks to the investment of the Deutsche Börse AG in the operating company of TRADEGATE®, to have reached another milestone in the expansion of the platform to an internationally successful business.

The Deutsche Börse AG, with its many years' experience and continuous success in running a securities exchange, is the ideal partner for our private investor focused company to help further establish TRADEGATE® in the world of European securities trading. The Deutsche Börse AG has emphasised its strategic interest by making a direct investment in Tradegate Wertpapierhandelsbank AG, acquiring 5 percent of the shares in our company on 10 January 2010.

Apart from the increase in the number of transactions, the relative share of the total market has also grown steadily. Compared with the other German regional stock exchanges – including the trading floor in Frankfurt – TRADEGATE® has succeeded in increasing its proportion of all share transactions by more than 5 percent from 22.89 percent in December 2008 to 27.73 percent in December 2009.

MARKET SHARE DEVELOPMENT

German Regional Stock Exchanges and TRADEGATE®



■ TG % ■ FFM % ■ STG % ■ MÜN % ■ BLN % ■ HBG % ■ DÜS % ■ HAN %



The value of a regulated market has become especially clear in the course of the financial markets crisis. As a multilateral trading facility the (MTF) TRADEGATE® already had a high level of transparency and was subject to supervisory regulation, so the operating company decided to go one step further and apply to the Berlin Senate Administration for a licence to set up and run a stock exchange. The licence was granted on 20 May 2009 and since 4 January 2010 TRADEGATE® has been operating as a regulated market in terms of the Markets in Financial Instruments Directive (MiFID) under the name Tradegate Exchange. The name of the operating company was changed to Tradegate Exchange GmbH in which the Deutsche Börse acquired a stake of 75 percent plus one share.

Werner von Siemens once said, "I will not sell the future for a quick profit". It is in this spirit that our company has invested in the future by winning BNP Paribas and Deutsche Börse AG as strategic partners. Nonetheless, our oldest major shareholder, the Berliner Effektengesellschaft AG, is to keep the largest number of our company's shares. Assuming that the financial crisis has almost been overcome and trading on the share markets continues to improve, we have created a solid basis for the positive development of our company. Since the Tradegate Exchange GmbH now receives significant support from its partner, Deutsche Börse AG, in the operation of the Tradegate Exchange

as a regulated market, our company can once again concentrate on its core business, the provision of tradable quotes on different trading markets. In its function as order book manager, designated sponsor and market specialist, Tradegate AG Wertpapierhandelsbank is committed to working on the various German trading markets with all available means and will actively support upcoming changes – such as the transfer of share order books on the Frankfurt Stock Exchange to the trading platform XETRA.

In view of the general market environment we can certainly be more than satisfied with the company's business and share development. In 2010 we expect, above all, to be working on process integration with our new partners and hope that in the years to come we shall enjoy the benefits of our efforts in the form of an increased share in the international market.

We would like to thank all our shareholders, old and new, for giving us their full confidence over the past years and would welcome their continued loyalty in the future.

Berlin, April 2010



ANNUAL FINANCIAL STATEMENTS OF THE TRADEGATE AG WERTPAPIERHANDELSBANK	12
Assets	12
Equity and liabilities	13
Income statement	14
Notes to the financial statements 2009	16
Management report	26
Auditors' report	37
REPORT OF THE SUPERVISORY BOARD	38
CONTACT IMPRESSUM	43

TRADEGATE AG WERTPAPIERHANDELSBANK
Balance Sheet as at 31 December 2009

BALANCE SHEET: ASSETS Tradegate AG Wertpapierhandelsbank as at 31 December 2009	in € 2009	in € 2009	in € 2008
1) Cash reserves			
a) cash balance	307.26		150.20
b) balance at Deutsche Bank	976.25	1,283.51	-
2) Receivables from banks			
a) due daily	24,717,417.15		26,269,868.30
b) other receivables	5,072,012.55	29,789,429.70	4,083,155.98
3) Receivables from customers		497,040.99	158,971.36
of which:			
financial services institutions			177,471.99
4) Bonds and other fixed-interest securities			
a) money market securities			
aa) from other issuers	-		-
of which lendable from the Deutsche Bundesbank			
b) loans and bonds			
ba) from other issuers	150.00	150.00	301,035.00
of which lendable from the Deutsche Bundesbank			
5) Shares and other non fixed-interest securities		1,834,987.62	12,303,167.70
6) Investments		260,712.00	260,712.00
7) Shares in affiliated companies		500,000.00	50,000.00
8) Intangible assets		107,195.00	148,281.00
9) Tangible fixed assets		271,380.00	476,289.00
10) Own shares		189,264.30	48,646.55
11) Other current assets		576,240.55	392,593.89
12) Prepaid and deferred expenses		62,871.64	69,563.90
Total assets		34,090,555.31	44,562,434.88



TRADEGATE AG WERTPAPIERHANDELSBANK
Balance Sheet as at 31 December 2009

BALANCE SHEET: EQUITY AND LIABILITIES Tradegate AG Wertpapierhandelsbank as at 31 December 2009	in € 2009	in € 2009	in € 2008
1) Liabilities to banks			
a) due daily	1,226,849.93	1,226,849.93	2,888,626.99
2) Liabilities to customers		80,566.19	71,879.24
of which:			
financial services institutions	80,566.19		71,879.24
3) Other liabilities		779,477.97	630,006.62
4) Prepaid and deferred expenses		35,000.00	54,109.56
5) Provisions and accruals			
a) tax provisions	444,000.61		818,519.77
b) other provisions	1,292,696.31	1,736,696.92	1,374,685.63
6) Equity capital			
a) subscribed stock	24,181,450.00		24,150,000.00
b) capital reserves	2,071,318.28		1,933,656.78
c) revenue reserves			
ca) statutory reserves	1,516,343.22		1,516,343.22
cb) reserves for own shares	189,264.30		48,646.55
cc) other revenue reserves	208,460.52		208,460.52
d) net profit	2,065,127.98	30,231,964.30	10,867,500.00
Total equity and liabilities		34,090,555.31	44,562,434.88



Income Statement for the period from 1 January to 31 December 2009

INCOME STATEMENT Tradegate AG Wertpapierhandelsbank for the period from 1 January 2009 to 31 December 2009	in € 2009	in € 2009	in € 2009	in € 2008
1. Interest earned from				
a) credit and financial market business	222,801.11			1,007,132.70
b) fixed-interest securities and government ledger bonds	601.85	223,402.96		9,669.83
2. Interest paid		- 5,617.84	217,785.12	- 3,921.72
3. Current earnings from				
a) securities and other non fixed-interest securities			128,605.96	182,834.45
4. Commissions received		2,183,621.30		3,573,578.91
5. Commissions paid		- 6,471,198.09	- 4,287,576.79	- 5,662,489.46
6. Net earnings from financial transactions			18,702,525.89	17,601,977.06
7. Other operating profits			1,125,019.26	885,018.66
8. General administration expenses				
a) personnel expenses				
aa) wages and salaries	- 4,571,216.22			- 4,770,946.47
ab) social security payments and expenses for retirement provisions	- 730,106.28	- 5,301,322.50		- 697,847.34
of which: € 44,633.53 for retirement provisions				42,886.97
b) other administration expenses		- 7,863,725.94	- 13,165,048.44	- 7,701,932.08



Income Statement for the period from 1 January to 31 December 2009

	in € 2009	in € 2009	in € 2009	in € 2008
9. Write-offs and value adjustments on intangible assets and tangible fixed assets			- 351,224.36	- 383,129.57
10. Other operating expenses			- 20,254.07	- 10,333.33
11. Write-offs and value adjustments on receivables and certain securities and on allocations to provisions and accruals in the credit business		- 53,181.97	- 53,181.97	- 1,060,314.62
12. Result from ordinary activities			2,296,650.60	2,969,297.02
13. Taxes on income and profit		- 90,904.87	- 90,904.87	- 832,067.80
14. Net income for the year			2,205,745.73	2,137,229.22
15. Withdrawals from revenue reserves				
a) from other revenue reserves		-		8,742,120.64
16. Allocations to the revenue reserves				
a) to reserves for own shares		- 140,617.75		- 11,849.86
b) to other revenue reserves		-	- 140,617.75	-
17. Net profit			2,065,127.98	10,867,500.00



A. GENERAL INFORMATION ON THE CLASSIFICATION OF THE FINANCIAL STATEMENTS AND ON ACCOUNTING AND VALUATION METHODS**Preparation of the financial statements**

The financial statements of the Tradegate AG Wertpapierhandelsbank for the year ended 31 December 2009 were prepared in accordance with the provisions of the German Commercial Code (HGB), taking into consideration the regulations for banks and the Bank Accounting Directive (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute [RechKredV]) as last amended on 19 December 2009.

The classification of the financial statements is made in accordance with the RechKredV; the step-down report was chosen for the profit and loss statement.

The financial statements were prepared in €.

In accordance with the principles of the German Commercial Code, Tradegate AG Wertpapierhandelsbank is included in the group consolidated financial statements of its parent company, the Berliner Effektengesellschaft AG. The group financial statements are published in the Electronic Federal Gazette.

Accounting and valuation principles

Receivables from banks and customers are shown at their nominal value. Securities are shown in the balance sheet under the items "bonds and other fixed-interest securities", "stocks and other non fixed-interest securities" and "own shares". When stating profits/expenses we distinguish in the case of securities between trading stocks, stocks of the liquidity reserve (securities which are treated neither as fixed assets nor as part of the trading stock), and securities that are treated as fixed assets. In the first two cases these are current assets which are stated strictly observing the principle of lower of cost or market for each type of security at the continuously determined average values or lower values on the balance sheet date. Securities that are treated as fixed assets are not included in the balance sheet.

Recognisable risks have been accounted for with value adjustments, provisions and accruals.

We have valued intangible assets and tangible fixed assets at acquisition or production costs and, where possible, allowed for book depreciation on a straight-line basis. Up until the end of 2007, low-value fixed assets were written off in full in the year of acquisition and booked out. As of 2008 they were written off according to tax rules starting in the year of acquisition.

Liabilities, as far as they are interest bearing, are stated at their repayment amount. Amounts payable for securities traded arising from going short are shown under liabilities to banks with the value of the securities at the time of sale or the current market price, whichever the higher.

On the basis of reasonable commercial judgement, we have formed provisions and accruals for taxes, uncertain liabilities and impending losses from pending transactions to the amount of their probable utilisation. Provisions were made for pending name-to-follow transactions.

Proportionate interest determined at the balance sheet date is shown under the underlying receivables or liabilities.

Currency exchange

The valuation of assets and debts denominated in foreign currency has been made in accordance with the provisions of article 340 h HGB. A variance occurs for those stocks quoted on a stock exchange in € and whose nominal value or computed nominal value (for example individual shares) is denominated in a foreign currency. These might be stocks of US-American companies whose capital is denominated in US-\$. We have recorded these securities, observing the principle of lower of cost or market, at their acquisition costs or at the closing rates determined in € on a German stock exchange as at 31 December 2009.

All other assets and debts denominated in foreign currencies were converted at reference rates of the European Central Bank or, in cases where no reference rates were available, at the average rates on the foreign exchange market at the balance sheet date. For the balance sheet items, providing the assets and liabilities positions were in the same currency, the method of simply covered assets and debts was applied and the option taken pursuant to article 340 HGB to exclusively realise losses from currency conversion.



B. NOTES TO THE BALANCE SHEET**Classification of remaining terms**

The classification of remaining terms is as follows:

	in € 2009	in € 2008
Other receivables from banks		
a) up to three months	5,072,012.55	4,083,155.98
	5,072,012.55	4,083,155.98
Receivables from customers		
a) indefinite time period	497,040.99	158,971.36
	497,040.99	158,971.36
Liabilities to customers		
a) due daily	80,566.19	71,879.24
	80,566.19	71,879.24

Receivables from and liabilities to affiliated companies

	in '000 € 2009	in '000 € 2008
Classification according to balance sheet item		
Receivables:		
other current assets	1	-
Total	1	-
Liabilities:		
liabilities to customers	-	25
other liabilities	139	-
Total	139	25

Total amount of all assets and debts denominated in foreign currency

The amounts represent the sums of the equivalents in € of the most variable currencies. The difference does not indicate any exposed foreign currency positions.

	in '000 € 2009	in '000 € 2008
Assets	1,223	842
Debts	435	1,084



Securities marketable on the stock exchange

	in '000 € 2009	in '000 € 2008
Listed on a stock exchange		
Bonds and other fixed-interest securities	0	301
Stocks and other non fixed-interest securities	1,619	2,903
Not listed on a stock exchange		
Stocks and other non fixed-interest securities	0	9,063
Investments	261	261

Except for shares to the book value of € 244,000.00 (previous year € 337,000.00), all securities held are marketable on the stock exchange.

Development of capital assets

	Acquisition costs	Additions in the business year	Disposals in the business year	Rebookings	Write-offs in total	Write-offs in the business year	Residual book value at 31.12.2009	Residual book value in previous year
in €								
Financial assets								
Investments	560,710.00	450,000.00	-	-	249,998.00	-	760,712.00	310,712.00
Total financial assets	560,710.00	450,000.00	-	-	249,998.00	-	760,712.00	310,712.00
Intangible assets								
Software	1,538,475.38	44,687.97	16,032.05	-	1,459,936.30	85,681.97	107,195.00	148,281.00
Payments on intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	1,538,475.38	44,687.97	16,032.05	-	1,459,936.30	85,681.97	107,195.00	148,281.00
Tangible fixed assets								
Business and office equipment	4,432,678.39	67,452.64	583,870.41	-	3,644,880.62	265,542.39	271,380.00	476,289.00
Total tangible fixed assets	4,432,678.39	67,452.64	583,870.41	-	3,644,880.62	265,542.39	271,380.00	476,289.00
Total assets	6,531,863.77	562,140.61	599,902.46	-	5,354,814.92	351,224.36	1,139,287.00	935,282.00

Other current assets

“Other current assets” contain those items which cannot be subsumed under other balance sheet items on the assets side. They relate mainly to receivables from the tax authorities for corporate tax credits of € 557,000.00 (previous year € 280,000.00). The amount of € 10,000.00 is also included for receivables from invoices submitted and a further € 9,000.00 deferred income from services performed but not yet charged.

Liabilities to banks

This balance sheet item primarily contains liabilities from going short on securities to the amount of € 567,000.00 (last year € 2,068,000.00) and amounts payable for the use of settlement services of a bank for € 628,000.00 (last year € 480,000.00).



Other liabilities

“Other liabilities” contain those items which cannot be subsumed under other balance sheet items on the equity and liabilities side. Of the € 779,000.00, € 600,000.00 relate to liabilities and accruals and deferrals based on deliveries and services, € 76,000.00 to income tax not yet paid and € 103,000.00 to sales tax to be paid to the parent company. At the balance sheet date, in line with the evaluation of foreign currency in “receivables and liabilities”, a foreign currency balancing item for unrealised gains was created to the amount of € 300.00 (last year € 200.00).

Provisions and accruals

Items under provisions and accruals which do not yet have a fixed amount or date of maturity belong in the income statement for the business year or earlier. The classification of the other provisions and accruals can be seen in the following table:

	in '000 € 31 · 12 · 2009	in '000 € 31 · 12 · 2008
Provisions and accruals for		
Personnel costs	430	871
Cost allocation of bank supervision	300	0
Rebuilding costs	201	171
Cost of annual financial statements	117	127
Additional rental expenses, electricity	75	38
Contributions to associations	46	78
Securities settlement services	42	0
Impending losses from settlement agreement	37	37
Advisory and auditing services	9	7
Impending losses from pending transactions	0	1
Other expenses	36	45
Total	1,293	1,375

Capital stock / subscribed stock

As at 31 December 2009 the subscribed stock amounted to € 24,181,450.00. The capital stock of the corporation is thus divided into 24,181,450 nominal shares. The largest shareholder and parent company in terms of article 290 HGB is the Berliner Effektengesellschaft AG, which is also the highest-level company in the group.

Approved capital

On the basis of the resolution of the shareholders' meeting on 31 March 2006, the managing board, with the consent of the supervisory board, is authorised until 30 March 2011 to increase the subscribed capital of the company, once or more than once, by issuing individual stocks against cash or non-cash contribution up to the amount of € 11,500,000.00, thereby setting an alternative date for the beginning of profit sharing from that set down by law. This authorisation was not used during the business year.

Contingent capital

The contingent capital is intended for the issue of option rights, warrants without bonds, convertible bonds or subscription rights without bonds.

Following the resolution of the shareholders' meeting on 31 March 2006, the managing board, with the consent of the supervisory board, is authorised until 30 June 2008 to issue or grant, once or more than once, interest-bearing convertible bonds and/or option rights issued to the bondholder or bearer with a maximum duration of five years and a conversion privilege or option on up to 2,300,000 new bearer shares of the company. At the shareholders' meeting on 20 June 2008 the existing authorisation was cancelled insofar as it exceeds the amount of € 991,000.00. Claims resulting from option rights issued to employees in 2007 and 2008 can be expected until March 2013.



Notes to the annual financial statements 2009

Following the resolution of the shareholders' meeting on 20 June 2008, the managing board, with the consent of the supervisory board, is authorised until 19 June 2013 to issue or grant, once or more than once, interest-bearing convertible bonds issued to the bondholder or bearer and/or subscription rights without issue of bonds (hereafter, "employee stock options") with a maximum duration of five years and a conversion privilege or option right on up to 1,424,000 new bearer shares of the company according to the requirements of the bond terms or terms of subscription. The legal subscription right of the shareholders is excluded. The employee stock options shall be offered to the beneficiaries for the realisation of the company's employee share plan.

	Contingent capital 1 · 1 · 2009	Additions	Expiry / use	Contingent capital 31 · 12 · 2009	of which used	of which unused
Option rights	991	0	0	991	991	0
Convertible bonds / subscription rights	1,424	0	0	1,424	497	927
Total	2,415	0	0	2,415	1,488	927

In 2007, 2008 and 2009 the Tradegate AG Wertpapierhandelsbank issued stock options for the employees of Tradegate AG Wertpapierhandelsbank and the Berliner Effektengesellschaft AG. In 2009 the employees were offered 497,000 option rights, of which 9,500 have already expired due to employees leaving. For each option, the bearer is entitled to buy one individual share of the company which corresponds to one share of the nominal capital with a value of € 1.00.

	in € 2007	in € 2008	in € 2009
Year of assignment			
Exercise period	15.2.09 - 14.2.12	1.3.10 - 31.3.13	4.3.11 - 4.3.14
Strike price	5.20€	4.70€	4.58€
Exercise hurdle	5.19€	4.69€	4.60€
Options offered	496,500	500,000	500,000
Options accepted	496,500	500,000	497,000
Value of option right upon issue	0.77€	0.11€	0.12€
Stock at 1 · 1 · 2009	491,000	500,000	-
newly issued options	-	-	497,000
forfeited options	11,000	14,500	9,500
exercised options	31,450	-	-
expired options	-	-	-
Stock at 31 · 12 · 2009	448,550	485,500	487,500
of which exercisable	448,550	-	-

The strike price of the options increases by 6 % per year of the validity period.

Capital reserves

No additions were made to the capital reserves in the business year.

Revenue reserves

The capital reserves and the statutory reserves make up more than 10 % of the stock capital in line with the requirements of article 150 section 2 of the Companies Act. Therefore an allocation to statutory reserves is not necessary.

Providing the managing board and the supervisory board approve the annual financial statements, an amount exceeding half of the year's profit can be allocated to the other revenue reserves until half the amount of capital stock is reached.



Own stocks

In accordance with article 71 section 1 no. 7 of the Companies Act, the company was authorised by resolution of the shareholders' meeting on 20 June 2008 to purchase company shares for the purpose of trading in own shares.

The authorisation was limited to the purchase of own shares up to a percentage of the share capital totalling five in one hundred and is valid until 18 December 2009. Trading can take place at prices that do not fall more than 20 % above or below the preceding day's closing price of the Tradegate AG Wertpapierhandelsbank share in floor trading at the Frankfurter Stock Exchange. At the shareholders' meeting on 26 August 2009 a new authorisation was granted with the same conditions and a limitation to 25 February 2011.

In 2009, the authorisation to purchase own stocks for the purpose of trading was utilised. Each number of traded shares for the calendar month is shown in the table below. The shares were bought on the off-exchange trading platform TRADEGATE®. In 2009, 100,393 shares of Tradegate AG Wertpapierhandelsbank were purchased at a price of € 594,138.30. 82,365 shares were sold resulting in revenue of € 468,887.91. A reserve for own stocks to the amount of the book value of own shares of € 189,264.30 must be shown in the balance sheet. € 140,617.75 was therefore taken from the net income for the year on 31 December 2009 and allocated to the reserves.

Month		Shares purchased	Shares sold	Percentage of share capital
Opening stock		11,555		0.05
January	2009	750	750	0.00
February	2009	3,000	450	0.01
March	2009	8,050	8,715	0.03
April	2009	3,250	9,791	0.01
May	2009	12,940	15,423	0.05
June	2009	4,075	7,941	0.02
July	2009	4,464	6,014	0.02
August	2009	5,697	4,946	0.02
September	2009	40,250	7,060	0.17
October	2009	3,850	6,195	0.02
November	2009	3,388	2,960	0.01
December	2009	10,679	12,120	0.04
Total		100,393	82,365	0.42

C. EXPLANATIONS TO THE INCOME STATEMENT**Commission earnings and expenses**

The "commission earnings and expenses" contain earnings and expenses that are invoiced during business operations for the use of financial services. The largest entries are for broker's fees and costs from the exchange brokerage business (net € 1,083,000.00, previous year € 1,835,000.00) and charges for settlement of securities trading (€ 3,894,000.00, previous year € 3,158,000.00). Broker's fees and costs are booked pre-tax each trading day.

Net profit from financial transactions

The "profits and expenses from financial transactions" are earnings or losses which arise from the purchase and sale of financial instruments, especially securities, as a result of market price fluctuations. Write-offs on trading stocks are dealt with separately. Differences on name-to-follow transactions are also shown here. In the past business year there were no profits or expenses from futures or options. The results from foreign exchange positions arising in connection with trading stocks in securities are also included.



	in '000 € 2009	in '000 € 2008
Net result securities trading	16,217	13,619
Net difference from name-to-follow transactions	2,602	3,906
Other net results	- 116	77
Total	18,703	17,602

Other operating profits

The position "other operating profits" contains items which are not related directly to actual business. The most important positions in the total of € 1,125,000.00 are shown in the following table.

Item	in '000 € 2009	in '000 € 2008
Cost allocation affiliated companies	504	357
Cost allocation other companies	345	342
Release of provisions	76	103
Accrued interest on corporate tax credit	7	31
Refund of contributions	172	20
Damages	10	17
Other	11	15
Total	1,125	885

€ 173,000.00 of "other operating profits" belong to other accounting periods (previous year € 26,000.00).

Expenses in other accounting periods

The position "other administration expenses" contains no expenses from other accounting periods (previous year € 2,000.00).

Taxes

The income and profit taxes pertain to taxes for the last year arising from normal business activities, plus estimated taxes and provisions for 2009. The appropriation to provisions for anticipated tax prepayments amount to € 444,000.00 for the reporting period 2009. A tax refund of € 305,000.00 is expected for other reporting periods.



D. OTHER INFORMATION**Shareholdings**

The following information refers to 31 December 2009 and the business year 2009, unless otherwise stated.

	in %	in €
Tradegate Exchange GmbH, Berlin		
Nominal capital		500,000.00
Shareholding	100.0	500,000.00
Equity capital		500,277.19
Profit for the year		253.72

Other financial obligations

Obligations of € 2,298,000.00 exist for rental, leasing and servicing contracts. They relate mainly to rental contracts for office premises valid until 31 December 2012.

The Tradegate AG Wertpapierhandelsbank has taken guaranteed credits with the quirin bank AG and the Delbrück Bethmann Maffei AG. The total amount stands at € 4,806,000.00. The guaranteed credits serve mainly as security required by the Stock Exchange Act for risks from the settlement of name-to-follow transactions and foreign exchange differences. Assets and securities have been mortgaged for the amount corresponding to the guaranteed credits.



Employees

The number of employees developed as follows:

	Female	Male	Total	Total previous year
Average of the year				
Board members	1.0	4.0	5.0	5.0
Traders	6.0	35.2	41.2	40.3
Other employees	12.5	14.5	27.0	28.3
Maternity/parental leave	1.8	-	1.8	2.3
Trainees	2.0	-	2.0	2.0
Student trainees	-	0.8	0.8	1.0
Interns	-	-	-	-
Total	23.3	54.5	77.8	78.8
of which part-time employees (headcount)	3.5	3.0	6.5	7.3
of which part-time employees (in terms of full-time positions)	2.7	1.8	4.5	4.9
As at 31 December 2009				
Board members	1	4	5	5
Traders	6	36	42	42
Other employees	13	15	28	25
Maternity/parental leave	1	-	1	2
Trainees	2	-	2	2
Student trainees	-	-	-	1
Interns	-	-	-	-
Total	23	55	78	77
of which part-time employees (headcount)	2	2	-	7
of which part-time employees (in terms of full-time positions)	0.6	1.6	-	4.4



Corporate bodies of the Tradegate AG Wertpapierhandelsbank

Listed below, in accordance with article 285 section 10 HGB, are the members of the managing board and the supervisory board as at 31 December 2009.

Members of the Managing Board

Thorsten Commichau, Berlin
Jörg Hartmann, Berlin
Klaus-Gerd Kleversaat, Berlin
Holger Timm, Berlin
Kerstin Timm, Berlin

Members of the Supervisory Board

Prof. Dr. Jörg Franke, Frankfurt am Main
Frank-Uwe Fricke, Berlin, (from 26 August 2009 to 31 December 2009) Member of the Board, Eurochange Wechselstuben AG, Berlin
Wolfgang Hermann, Berlin
Dr. Andor Koritz, Berlin, (Deputy Chairman) Lawyer
Rainer Riess, Frankfurt am Main, (since 15 January 2010) Managing Director Market Development, Deutsche Börse AG, Frankfurt am Main
Pamela Schmidt-Fischbach, Nürnberg, (since 26 August 2009) Director Legal Department, Cortal Consors S.A., German branch, Nürnberg

Remuneration of corporate bodies

The members of the managing board received remuneration of € 926,000.00 from Tradegate AG Wertpapierhandelsbank of which € 400.00 was accounted for by benefits from group accident insurance. The supervisory board received remuneration of € 54,000.00 including value-added tax.

Fees paid to Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft (accounting firm) according to article 285 section 17 HGB

In 2009 Tradegate AG Wertpapierhandelsbank made the following payments to Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, and recorded the following expenses:

	in '000 € Payments	in '000 € Expenses
For the annual audit	70	53
For other accounting and evaluation services	18	18
Total	88	71

Proposal on the allocation of the unappropriated profits

At the Annual General Meeting in 2010, the managing board will suggest using the accumulated profit of the year 2009 for the payment of a dividend of € 0.08 per share on the day of the shareholders' meeting. The remaining amount of the accumulated profits shall be put into other revenue reserves.

Berlin, 1 March 2010

Tradegate AG Wertpapierhandelsbank

Thorsten Commichau

Jörg Hartmann

Klaus-Gerd Kleversaat

Kerstin Timm

Holger Timm



MANAGEMENT REPORT OF THE TRADEGATE AG WERTPAPIERHANDELSBANK FOR THE YEAR ENDED 31 DECEMBER 2009

1. FOREWORD

The structure of the management report follows primarily the rules adopted by the German Accounting Standards Committee e.V. which are recorded in the German Accounting Standard 15.

2. BUSINESS AND STRATEGY

2.1 Organisation and business areas

The company is authorised by the Federal Financial Supervisory Authority (BaFin) to practise banking and financial services businesses. The full extent of the licence can be seen on the Federal Financial Supervisory Authority's website. From the company's point of view the important elements of the licence are:

deposit banking (article 1 section 1 clause 2 No. 2 KWG [German Banking Act]),
 lendings business (article 1 section 1 clause 2 No. 1 KWG),
 financial commission business (article 1 section 1 clause 2 No. 4 KWG),
 custody business (article 1 section 1 clause 2 No. 5 KWG),
 investment banking (article 1 section 1 clause 2 No. 10 KWG),
 investment agent (article 1 section 1a clause 2 No. 1 KWG),
 investment advice (article 1 section 2a clause 2 No. 1a KWG),
 operation of a multilateral trading facility [MTF] (article 1 section 1a clause 2 No. 1b KWG),
 acquisition agent (article 1 section 1a clause 2 No. 2 KWG),
 own-account trading (article 1 section 1a clause 3 KWG),
 own-account trading for others (article 1 section 1a clause 2 No. 4 KWG).

In the course of its business the company acts as an order book manager on the Frankfurt and Berlin stock exchanges. It has further admissions to listing on the stock exchanges in Munich, Hamburg, Hannover, Stuttgart and Düsseldorf and is a designated sponsor on XETRA®. An additional focus of the business is the purchase and sale of financial instruments on the company's own off-market trading platform TRADEGATE®. TRADEGATE® is operated by the Tradegate Exchange GmbH which at the balance sheet date was a 100 % subsidiary. Since then the Deutsche Börse AG has acquired a 75% share.

The company considers itself to be a so-called liquidity provider or market maker and provides continuous bid and ask prices for around 9,900 categories of security, mainly in shares. Insofar as the company carries out its function as order book manager on the Frankfurt and Berlin stock exchanges it accrues a fee for turnovers, known as the broker's commission. A significant source of earnings is, however, the financial result which arises from the calculated spread between the purchase and selling of a position. On our own trading platform, TRADEGATE®, and on electronic exchanges or markets such as XETRA®, no broker's commission is charged and earnings are determined by the financial result arising from purchases and sales. Since the business is driven by volume, the company tries to reach as many customers as possible with its prices. Mid or long term risk positions in proprietary trading are not intended and are not part of the business concept. Long-term own holdings are, therefore, always and exclusively part of the liquidity management of the company and reserved for the managing board.

The management, all administrative areas and the main operative areas are based at the headquarters of the company in Berlin. In Frankfurt am Main the company maintains a technically and personnel equipped branch office to serve the locally based order book management at the Frankfurt Stock Exchange.

Because of the continually increasing importance of computer supported trading, a focal point of the company lies in the departments IT-Operations and IT-Development. The company is largely self-sufficient and attaches particular importance to the development of its own programmes for the areas of trading, trading settlement and risk control.

The management of the company comprises five board members, two of whom are responsible for the operative business areas including the management of the branch in Frankfurt. Another board member takes care of the areas IT-Development and IT-Operations. The new business area, banking, is the responsibility of a further board member. The speaker of the board is chiefly responsible for strategic planning and coordination as well as the administrative areas such as organisation, back-office, middle-office, personnel, compliance and law, auditing and money laundering, and accounting including controlling and regulatory reporting.

2.2 Competitive position, goals and strategy

The general business environment for securities trading companies showed no significant improvement in 2009 due to the continuing financial crisis. During the business year private investors remained cautious even though the international markets made a considerable recovery. A decrease in turnover on the German trading floor systems led to a further decline in the importance of the business area order book management, its share of sales falling to under 5 % of the annual average.



In contrast, business on the electronic trading platform TRADEGATE®, developed by the company and in operation since 2001, was positive. Sales increased for the eighth year running, although for the first time the increase in 2009 was relatively small. In comparison with the German trading floor systems, TRADEGATE® was able to increase its market share in equities by 30 % and is now the second largest trading place for private investors in Germany.

In the Management Report of 2008 the Board of Management pointed out that the company must endeavour to remain competitive by maintaining and developing its advantageous starting position. To this end a number of strategic steps were initiated during 2009. In 2008 the operation of the platform TRADEGATE® was transferred to a 100 % subsidiary, Tradegate Börsenservice GmbH, in order to achieve a clear legal separation between the system operator and the core business of securities trading. In the same year TRADEGATE® received a licence as a so-called multilateral trading facility (MTF). MTFs are continuously increasing their market share, mainly in institutional business in Europe. Even so, it was to be feared during the financial crisis that in competition with state-regulated securities exchanges to win private investors TRADEGATE® might be at a disadvantage with regard to acceptance or the fact that some depositary banks might not want to connect an MTF to their IT systems. In the first quarter of 2009, therefore, the company applied for a licence to operate a securities exchange. The licence to set up an exchange was granted by the Berlin Senate Administration on 20 May 2009.

The operating company of the TRADEGATE EXCHANGE changed its name from Tradegate Börsenservice GmbH to Tradegate Exchange GmbH. The constituent meeting of the Exchange Council of Tradegate Exchange took place on 1 December 2009 and, following publication in the official gazettes, TRADEGATE® began operating as a securities exchange on 4 January 2010. TRADEGATE® is thus the only European securities exchange which is tailored towards the interests and needs of the private investor. The measures taken in 2009 further improved our position in the European competitive environment.

Moreover, after announcing in 2008 that it would be open to long term oriented investors for the purpose of a quick and sustainable development in business, in 2009 the company succeeded in gaining two decisive and important strategic investors.

One of these strategic investors, BNP Paribas, a large European bank which owns 19.8 % of the shares of the company, could play a particularly significant role in opening up new European markets and, as one of our customers, also has access to an enormous number of orders.

The next step was to integrate a second strategic partner, Deutsche Börse AG, into the group by way of a complex agreement. Contracts were negotiated during 2009 and finalised on 10 January 2010. Accordingly, Deutsche Börse AG has initially acquired 5 % of the shares of the company and, depending on the achievement of certain sales targets, can gradually purchase up to 20 % of the company shares from the majority shareholder, the Berliner Effektengesellschaft AG. At the same time the company sold a 75 % stake holding of Tradegate Exchange GmbH to Deutsche Börse AG. All business relations between Tradegate AG and its previous subsidiary Tradegate Exchange GmbH were stipulated and secured long term. The aim of this measure was to gain Deutsche Börse AG as our majority exchange operator which without doubt has the core competence to operate and develop a European exchange for private investors. It is now possible to access the already available, large XETRA-network of the Deutsche Börse AG to connect market participants to the TRADEGATE EXCHANGE. Likewise, settlement for European securities transactions made on TRADEGATE EXCHANGE will be made easier via Clearstream Banking.

All important requirements for the company strategy have now been met so that not only can the long term goal of building a European exchange for private investors be realised sooner, but the company can also effectively hold its ground against competition.

Although the company has expanded its scope of business by beginning operations as a universal bank, it will continue to concentrate its core competence on securities trading in shares and ETFs. Even if the majority of turnover is to be expected to come from the TRADEGATE EXCHANGE the company will continue to provide its services as market specialist on other German or European exchanges or MTFs.

2.3 Business development and general conditions

The business development in 2009 was again very unusual and completely different from that in 2008. In 2009 the months January and February were notably low in trades leading to a loss in the first quarter and a disappointing start to the new business year. The weak beginning to the year was obviously in connection with the introduction on 1 January 2009 of the withholding tax, the run-up to which brought about record turnovers in share trades during the last quarter of 2008. Business activity returned to normal as of March 2009 and the usually quiet summer months showed a remarkably good level of activity on the market. Overall there were 9 months' profit and only 3 months' loss.

Once again there was a dramatic reduction in the number of contract notes resulting from order book management on the exchanges in Frankfurt and Berlin. Following a reduction of 61.8 % in 2008 this year's reduction was 60.87 % (345,063 contract notes compared with 904,773 in the previous year). Subsequently, traditional exchanges have lost further market share to electronic exchanges or trading systems such as XETRA or TRADEGATE®.



In contrast the number of transactions on the MTF TRADEGATE® could be increased to 2,376,229 in 2009. However, at 3.29 %, the increase was rather modest compared with the growth in sales of 44.7 % achieved in 2008. The average trading volume of individual share trades increased slightly in 2009 to 4,395.00 € (average 2008: 4,305.00 €). At the height of the financial crisis with its correspondingly low turnover of shares (October 2008 to March 2009), the average trading volume of private investors fell to below 3,400.00 €.

If one takes into account that one trade made by a single customer on the stock exchange usually generates three contract notes, then strictly only about 118,021 order book trades in Frankfurt and Berlin should be compared with the 2,376,229 individually counted trades made on TRADEGATE®. This means that in 2009 TRADEGATE® generated 95.27 % of all trades of the company. In 2008 its share was 88.4 %, in 2007 66.9 %. Despite only a moderate increase in share transactions in 2009, TRADEGATE® has once again succeeded in gaining market share in a difficult market environment.

The company therefore stopped dealing in a number of unprofitable order books, so that the total number of order books fell from 11,383 in 2008 to 10,503 categories of securities as at 31 December 2009. In contrast, the number of securities traded on TRADEGATE® (shares and ETFs) was increased in 2009 from 3,555 to 4,070.

The number of employees, including those of the newly founded subsidiary Tradegate Exchange GmbH, remained relatively constant. There were seven new-comers and six leavers, so that the total of 84 employees (six in the subsidiary) – compared with 83 at the beginning of the year – represents just a slight difference. The age structure has not changed much either. The average age lies at about 37.9 (last year 37.2) with the emphasis on the age group from 32 to 37. The average job tenure is 7.9 years (last year 7.3 years). The company attaches great importance to retaining well-trained and qualified employees even during less profitable times. The flexible increase or reduction of personnel according to the amount of business, e.g. using temporary employees, is difficult in the industry and not desired by the company. Through flexible remuneration models the company prefers to ensure that on the one hand no unacceptably high fixed salaries endanger the company in difficult economic situations, and on the other that during successful periods the employees have a suitable share in the company's success.

In the past business year no large new investments were made; only the usual extension or renewal of existing IT-systems was carried out. Software is usually developed and maintained by company employees. The personnel costs involved are not such that they can be capitalised. Occasionally individual contracts for work are outsourced and, depending on size, can be capitalised. In the areas of networks, data banks, word processing, etc. standard software from large providers is used.

The portion of costs for administration and maintenance expended just to comply with all stock market and legal regulations is very high. These costs rose even further with the start in 2009 of operations as a universal bank. The company has, however, managed to establish efficient and practicable structures that are suitable for its size.

In view of the prolonged financial crisis and the continuing negative market environment, as well as several extraordinary costs in connection with the start of universal bank operations and the transition of the MTF TRADEGATE® to a stock exchange, the result of normal business activities with a slightly increased profit of almost 2.169 million € can be considered as satisfactory.

3. DEVELOPMENT OF ASSETS, FINANCIAL POSITION AND RESULTS

The net assets position of the Tradegate AG Wertpapierhandelsbank is marked by relatively high liquidity and good equity base. Alongside the assets in securities in the liquidity reserve the receivables from banks represent the largest position on the assets side. The BEG Fonds I Nordinvest, shown last year under the position "shares and other non fixed-interest securities" was sold to the parent company, Berliner Effektengesellschaft AG, at the beginning of the business year. Furthermore, the existing shareholding in Tradegate Exchange GmbH was increased by € 450,000.00. In December a contract was concluded for the sale of 75 % and one share to the Deutsche Börse AG, which became effective in January 2010.

There were no business activities in deposit banking or lendings last year. Here, the priorities were to test systems with a business partner and acquire our first customers.

The development of assets during the last three years is shown in the following table.

The structure of the assets is also influenced and limited by bank supervisory regulations, particularly by the rules and regulations on large exposure under German banking law, and the relation of weighted risk assets to liable equity capital.



Management Report of the Tradegate AG Wertpapierhandelsbank

	in '000 € 31.12.2007	in '000 € 31.12.2008	in '000 € 31.12.2009
Assets			
Cash reserve	-	-	1
Receivables from banks	27,737	30,353	29,790
Receivables from customers	324	159	497
Bonds and other fixed-interest securities	323	301	-
Shares and other non fixed-interest securities	15,909	12,303	1,835
Investments	250	261	261
Shares in affiliated companies	-	50	500
Own shares	37	49	189
Intangible assets	229	148	107
Tangible fixed assets	533	476	271
Other current assets	365	393	576
Prepaid and deferred expenses	4	69	63
Total assets	45,711	44,562	34,090

The liabilities of the company are relatively low. The liabilities to banks contain mainly € 567,000.00 for the delivery commitment of securities and € 629,000.00 for the utilisation of settlement services. Further positions include the open clearing amounts resulting from stock market trading which are reported under liabilities to banks and customers. Alongside this there are liabilities from the area of business operations in the form of deliveries and services. These include accruals for services used, for which an invoice has not yet been issued at the balance sheet date but for which the amount is known from contracts. The largest position in provisions and accruals is the provision of € 480,000.00 for taxation. The equity ratio changed slightly from 87 % to 89 %. Customer deposits which according to German banking law fall under deposit banking did not exist at the balance sheet date.

	in '000 € 31.12.2007	in '000 € 31.12.2008	in '000 € 31.12.2009
Liabilities			
Liabilities to banks	1,078	2,888	1,227
Liabilities to customers	148	72	80
Other liabilities	825	630	779
Prepaid and deferred expenses	80	54	35
Provisions and accruals	1,682	2,193	1,737
Equity capital	41,898	38,725	30,232
Total liabilities	45,711	44,562	34,090

The liquidity position of the company is marked by high equity and its liquid investment. All liabilities due within one month stand against much higher amounts, also due in one month, deposited with banks. Customer receivables and liabilities from bank activities as defined under German banking law did not exist at the balance sheet date. Credit lines from which the Tradegate AG Wertpapierhandelsbank can call additional liquid funds have not been arranged.



Management Report of the Tradegate AG Wertpapierhandelsbank

The important positions in the financial statement are the commission income and the result from financial transactions. The development of these components is the main deciding factor for the development of results. Last year, the commission income fell from € -2,089,000.00 to € -4,288,000.00. The net brokerage fee dropped from € 1,836,000.00 to € 1,083,000.00 while costs for settlement services rose from € 3,158,000.00 to € 3,894,000.00. The very good net result from financial transactions of the two previous years could be improved by 6.2 % in 2009. After a restrained first quarter the following quarters were all equally profitable. As in the previous year, the result from financial transactions is due to the results of trades on TRADEGATE®. Positive market development and acquisition of new customers for our trading platform increased the utilisation of TRADEGATE®. The net balance from name-to-follow transactions fell by 32.1 %. Commensurate with the significance of off-market trading, the realised net result from securities trading, i.e. the balance of realised profits and realised losses was, at € 16,379,000.00, 15.4 % higher than last year (€ 14,193,000.00). The valuation result of security holdings developed positively from € -575,000.00 to € -149,000.00. There was only a marginal change in general administration expenses in 2009.

As a result of the slightly lower operating results, bonuses paid out to employees were also marginally lower, so salaries were reduced. Other administration expenses were caused partly by stronger price increases, which were then balanced out by the reduction in personnel costs. The heaviest costs were caused by a sharp increase in the expenses for the regulatory agency for securities trading. The receipt of a permit for deposit banking and the lendings business brought about a change regarding the group the supervised institutions belonged to. This change caused the expenses for regulatory supervision to increase tenfold, even though the number of reported securities transactions did not rise accordingly. Following constant reduction in previous years, this year write-offs on intangible and fixed assets increased, mainly due to investment in new IT-equipment. Under taxable possible utilisation of the loss brought forward, provisions for taxation were made to the amount of € 480,000.00 this year. Balanced out, the tax expenses come to € 91,000.00.

	in '000 € 2007	in '000 € 2008	in '000 € 2009
Income Statement			
Interest profits	895	1,017	223
Interest expenses	-	- 4	- 6
Current profits	113	183	129
Commissions received	8,338	3,573	2,183
Commissions paid	- 8,536	- 5,663	- 6,471
Profit from financial transactions	17,508	17,602	18,703
Other operating profits	816	885	1,125
General administrative expenses	- 12,148	- 13,171	- 13,165
Write-offs and value adjustments on intangible assets and tangible fixed assets	- 330	- 383	- 351
Other operating expenses	- 68	- 10	- 20
Write-offs and value adjustments on receivables and certain securities	- 92	- 1,060	- 53
Profits from write-ups on receivables and certain securities	-	-	-
Write-offs and value adjustments on participatory investments, stocks in affiliated companies and securities treated as fixed assets	- 250	-	-
Result from ordinary activities	6,246	2,969	2,297
Income and profit taxes	- 1,629	- 832	- 91
Other taxes, unless recorded under other operating expenses	-	-	-
Net profit / loss	4,617	2,137	2,206



From the development of results the following operating figures can be derived:

- Cost income ratio (CIR), defined as a percentage: the sum of general administrative expenses and write-offs on intangible and tangible assets divided by gross earnings
- Return on equity (ROE), defined as a percentage: net profit for the year divided by equity capital
- Earnings per share (EpS), defined as a percentage: net profit for the year divided by the number of shares

	2007	2008	2009
CIR	68.1%	81.0%	91.6%
ROE	11.02%	5.52%	7.30%
EpS	0.191€	0.088€	0.091€

To summarise, it can be said that the development in the last business year was positive and the company finds itself in a satisfactory position.

4. SUPPLEMENTARY REPORT

A shareholding of 75 % plus one share in the Tradegate Exchange GmbH was sold to the Deutsche Börse AG.

5. RISK REPORT

5.1 Institutional supervision

Due to the permit which allows the company to provide banking and financial services, the Tradegate AG Wertpapierhandelsbank is subject to supervision by the Federal Financial Supervisory Authority. Accordingly, every month an interim return, a profit and loss statement, calculations for the Solvency Regulation and Liquidity Regulation and quarterly reports on any large loans and loans in millions must be submitted. If any unusual events occur, they are to be reported separately. By virtue of its authorisation to carry out certain types of banking business, the company is duty bound to support an internal audit according to the minimum requirements for risk management.

In accordance with part 5 of the Solvency Regulation certain information on the risk management system and the Solvency Regulation must be disclosed. The Tradegate AG Wertpapierhandelsbank fulfils this disclosure requirement in a separate report.

The financial holding group Berliner Effektengesellschaft AG must adhere to the group-level regulations of the Solvency Regulation which govern consolidated monthly reports and large loans from institutional groups. The Tradegate AG Wertpapierhandelsbank is by law the highest-level company in the financial holding group. The regulatory group basically comprises all companies that are included in the group financial statements according to commercial law. In accordance with the German Banking Act, only group companies that fall under the category "other companies" and separate assets should not be incorporated into the summary. The companies Ex-tra Sportwetten AG, Vienna and BEG Fund 1 in Berlin, which are included in the group accounts within the scope of a full consolidation, are not contained in the summary for the financial holding group Berliner Effektengesellschaft AG. No regulatory deduction of the book value is made in the summary. The quirin bank AG and its subsidiaries are, according to commercial law, included in the IFRS group accounts at equity. For the purpose of regulatory reporting it only represents a shareholding of the Berliner Effektengesellschaft AG. The quirin bank AG is an independent group and itself subject to reporting rules.

With regard to the Solvency and Liquidity Regulations the reference figures for the company always fulfilled minimum requirements without any problem. The total key reference figures of the Solvency Regulation lay between 58.30 and 65.85. For current business activities the Solvency Regulation reference figure is not the decisive element for the provision of own capital. Here, the requirements of the stock markets play a more important role, so, in relation to the underlying risk assets, the company is well equipped with capital resources. In accordance with the business plan, part of the resources is to be reserved for the future operation of the lendings business. The company uses the standard financial risk approach, the standard approach for market risk positions and the basic indicator approach for operational risks.



The capital resources of the financial holding group are made up of the subscribed stock of the Berliner Effektengesellschaft AG, its capital reserves and other reserves, insofar as they are not reduced within the scope of a capital consolidation. Own shares, debit differences from the capital consolidation and intangible assets are deducted from this. Only software is considered as intangible assets. The group's capital resources consist exclusively of core capital. As at 31 December 2009 the capital resources were as follows:

	in '000 € Amount
Description	
Paid-in capital	13,861
Own shares	- 334
Capital reserves	31,494
Other reserves	9,942
Minority interests	8,123
Debit difference	- 10,510
Intangible assets	- 211
Core capital	52,365

The report for the financial holding group Berliner Effektengesellschaft AG is made according to the Solvency Regulation. Between January and December 2009 the total key reference figures of the Solvency Regulation at group level lay between 69.88 % and 86.59 %.

5.2 Risk management policy and strategy

Tradegate AG Wertpapierhandelsbank is active in a field that is subject both to dramatic fluctuations regarding the amount of business and to changes in general conditions. In this environment it is necessary to continuously develop the means to manage, monitor and control the relevant risks. With the minimum requirements for risk management (MaRisk) a strict legal framework for monitoring and control mechanisms and their documentation is in place. In principle, risk is understood to be the negative difference between actual incidents and expected incidents. Damage is then the occurrence of a risk with negative consequences. As the company sees itself as a liquidity provider or, as the case may be, a market maker it is not company strategy to build up and assume securities positions in anticipation of a positive market price development. Rather the business activity is geared towards enabling as many dealings in securities as possible. In doing so, during the course of a day the company assumes an interim position as buyer or seller with the aim largely of continuing to trade these positions up to the close of trading. The number of positions that are held until the start of trading on the next day is small compared with the trading volume. If any one position worthy of note is held open, then this happens strictly within the scope of investments in liquid assets. The development on the German and European stock exchange scene is an important influencing factor for business activity and the connected technical development and surrounding conditions. Trends are monitored at an early stage for any possible impact on the company's field of business and for technical necessities. Above all, wrong decisions can lead to high costs, loss of earnings and delays. As regards further activity in exchange trading, an eye must be kept on the continued shift towards electronic trading systems and its effects. Particular strategic importance must be attached to the future form of the stock exchange floor in Germany, to the trading system XETRA® and the European development following the coming into effect of MiFID.

The basis of the risk management system is the classification of risks into market price risk, operational risk, counterparty default risk and liquidity risk. The risk management system differentiates between the areas most exposed to risk, risk management in the narrower sense and risk control which monitors the risk situation and supports risk management, in particular with information on assumed risks. The controlling department is also largely responsible for the further development of the risk management system. The basis of the limit system is the anticipated result of the business year, taking into account the current total amount of capital and reserves and the effective result of the business year. An upper loss limit was decided for 2009 and was not adjusted during the course of the year.



5.3 Market price risks

Market price risks are understood to be the negative differences of the expected market price development. Market prices are interest rates, stock prices and foreign exchange rates. Any change brings about changes in the value of the financial instruments within the portfolio, such as stocks, bonds or bank balances in foreign currency which in turn can lead to write-offs affecting results. Since one focal point of business activities lies in the trading and relaying of transactions of shares in foreign companies, especially US-American stocks, an indirect foreign currency risk also has an effect. For example, in an ideal market, changes in the US-\$ exchange rate bring about corresponding changes in the stock price in €. In the context of the risk management system of securities trading, the risk arising from securities transactions is considered to be implicit in the share price risk.

Last year the controlling limits were monitored successfully. On the basis of the expected results for 2009 and the capital resources, an absolute upper loss limit for all transactions was set by the company's management board. One part of this upper loss limit was divided as a control limit between the trading areas overseas, domestic and Frankfurt am Main. Using these control limits, pending losses from open positions were limited. The pending losses are calculated from the value of the open position and the current value on the basis of a reference price. This reference price is determined on an ongoing basis and entered into the control system. In 2009 the limit was mostly only marginally used and exceeded occasionally for a short period of time. In nearly all cases, the reason for exceeding the limit was that the monitoring system was provided with incorrect reference prices. If risk control notifies a limit exceedance, the cause is investigated and the board member responsible for controlling is informed accordingly. The board member responsible for controlling discusses the steps to be taken with the board member responsible for trading, and informs risk control of the result. If losses are actually incurred which exceed a certain threshold value, the limit concerned is lowered automatically. In a subsequent comparison of the actual and planned result of the company, a decision is made on the retention or change of the limit alignment. In 2009 no adjustments were made to the control limits for securities trading.

In addition, a limit is set especially for the risks coming from assets in the liquidity reserve. The assessment of the amount of risk is handled analogue to the observation of trade securities. If the limit is exceeded, the board is informed immediately and then decides on the further handling of the securities in the liquidity reserve.

A further controlling limit exists for receivables and liabilities not in € against banks, customers and suppliers. The risks at domestic banks from deposits in South African rand and US dollars are to be noted in particular. No limits were exceeded here. Currency swaps for the management of currency risk were not used last year. If limits are exceeded, the board members responsible for controlling and trading are informed and they then decide on a course of action.

5.4 Operational risks

Operational risks are understood to be such risks arising out of inappropriate or faulty company operations or those caused by employees, systems or external occurrences, legal risks included.

The existing risk matrix was reassessed for risks, early warning indicators and possible counter measures. If there were any new values the early warning indicators in the risk matrix were renewed or adjusted. In order to create an overview of any damages occurring, employees were required to report to risk control the cases of damages that exceeded a defined minimum limit. The damages arising were due to an increased amount of work and rated as minimal. Additionally, in the area of IT-operations a list of system changes, faults and failures is kept. Last year there were no significant faults which caused definable or noteworthy damages.

The management of operational risks is the responsibility of each department head. They monitor the work processes and, if necessary, make interventions or adjustments. Part of the upper loss limit was reserved for operational risks based on the capital requirements according to the Solvency Regulation.

5.5 Other risks

The other risks include counterparty default risks and liquidity risks. The counterparty default risk is the danger that liabilities are fulfilled either too late, incompletely or not at all. The Tradegate AG Wertpapierhandelsbank has predominantly receivables from banks. The most important bank connection, where a large part of the investments in liquidity funds are made, is with the quirin bank AG. Since, within the scope of its associated relation to the group, the quirin bank AG is still integrated into the monthly reports, and because Mr. Timm is a member of the supervisory board of the bank, sufficient realtime information on the economic situation is always available. Further accounts exist at other domestic banks and at one foreign bank. Apart from these bank accounts, which are used for payment transactions and cash deposits, the company has receivables from tax repayments and receivables from other brokers for securities transactions. Since these are regulated by the stock exchange systems, and the market participants are subject to supervision by the stock exchanges and the Federal Financial Supervisory Authority, the risks here are considered to be low.



The risk that a counterparty of an off-exchange securities trading transaction does not fulfil his duties of payment or delivery is considered to be a peculiarity of counterparty default. Damages from the risk of settlement of securities trading transactions did not arise.

In order to minimise counterparty default, all transactions with addresses which do not have admission to a German, west European or American stock exchange are subject to separate supervision directly by the board of management. This applies mostly to East European trading addresses.

Liquidity risk is understood to be the danger that payment obligations might be made not at all, too late or incompletely, or that due to illiquid markets assets cannot be sold, or sold at the expected price. Control of solvency occurs within a plan of payments received and payments outgoing over the following twelve months. The first quarter is reported on a monthly basis, thereafter reports are made on a quarterly basis. If there are any shortfalls, reports are made more often than usual. In the last year there were no shortfalls of these self-imposed limits. Additionally, the Tradegate AG Wertpapierhandelsbank is subject to the terms of the Liquidity Regulation, which sets certain minimum requirements with relation to capital and financial liabilities. Last year's reference numbers moved between 4.39 and 19.89, the minimum figure being 1. The market liquidity risk is controlled and monitored through the choice of where to trade, consideration of the current market situation when completing transactions and the limitation of open positions.

5.6 Reporting

The whole board of management receives a daily risk report which contains the realised results of the last day of trading, the current month and the current year, as well as information on limit adjustments and special issues, such as significant exceedance of limits and unusual transactions as regards business partners, volume or conditions. Information on other significant risks to the company is also included in the report. Data on cases of damage from operational risks, specific incidents and steps undertaken is recorded in particular. This risk report complements the economic development report supplied to the managing board each month. Apart from the balance sheet and profit and loss statement, the latter contains employee statistics, the development of securities transactions and some key business figures. At the moment the board of management receives a detailed quarterly summary of the company's payment reserves. In order to increase the transparency of general administration expenses the managing board and department heads are provided with a report on the costs allocated to each area. Any questions and necessary measures are discussed in meetings. Besides increased transparency, the aim is to encourage the awareness of those responsible.

6. DECLARATION ACCORDING TO § 312 OF THE COMPANIES ACT

According to § 312 of the Companies Act the board of management of the Tradegate AG Wertpapierhandelsbank must deliver a report on the relations with affiliated companies for the business year 2009. The closing statement of this report reads:

"Beyond the aforementioned legal transactions and measures, no other legal transactions were made in the reporting period and no measures are known of for which a report must be submitted.

According to § 312 of the Companies Act the board of management of the Tradegate AG Wertpapierhandelsbank, Berlin, declares that for all transactions with the prevailing corporation and its affiliated businesses the company has received appropriate service in return."



7. OUTLOOK

The company expects 2010 to be solid business year in a continuing difficult market environment. At the moment it cannot be said when the securities trading market for private investors will revive perceptibly.

By upgrading the MTF TRADEGATE® to TRADEGATE EXCHANGE on 1 January 2010 and winning BNP Paribas and Deutsche Börse AG as strategic investors for the company, plus the sale of a majority stake of Tradegate Exchange GmbH to the Deutsche Börse AG, the company has taken important steps to secure its successful business model long term and establish further growth potential in the medium term. However, any positive effect on business activities, e.g. the connection of new market participants to the TRADEGATE EXCHANGE in cooperation with our strategic partners, is to be expected during the second half of the year at the earliest. In this respect further market share may be gained in 2010 but in view of the ongoing difficult market environment an increase in turnover is by no means certain.

The company has almost no scope to reduce the amount of general costs and expects a moderate rise in personnel costs.

Due to the financial crisis and the decline in revenue of the last years, the financial services industry will continue to experience a market adjustment and only those few securities trading banks whose business activities have reached the necessary critical size with regard to equity capital and timely diversification will remain. It is unlikely that new competitors will be able to enter the company's business areas because the build up of comparable structures requires years of investment and does not promise a fast return for financial investors.

Berlin, 1 March 2010

Tradegate AG Wertpapierhandelsbank

Thorsten Commichau

Jörg Hartmann

Klaus-Gerd Kleversaat

Kerstin Timm

Holger Timm



In the German version of the annual report the auditors' report is printed here. This report confirms the unreserved validation by the PwC Deutsche Revision AG Wirtschaftsprüfungsgesellschaft, Berlin, of the annual financial statements of the Tradegate AG Wertpapierhandelsbank.



LADIES AND GENTLEMEN,

In 2009 the supervisory board dutifully performed the tasks incumbent upon it by the law and the company's statutes. It acted as advisor to the managing board of the company in directing the business and supervised it in managing its business dealings. To this purpose the managing board reported promptly and in detail, in written and spoken form, in particular on all questions pertaining to business plans, business development, strategic orientation and risk position including risk management. Moreover, besides attending the supervisory board meetings, the chairman of the supervisory board was in regular contact with the managing board.

All matters requiring authorisation were examined in detail by the supervisory board and then approved. The supervisory board, which until 26 August 2009 comprised three, thereafter six members, did not form any other supervisory board committees.

Supervisory board tasks / meetings

In order to fulfil its tasks the supervisory board convened in 2009 for a total of four supervisory board meetings. All members of the supervisory board and the managing board regularly took part in the meetings.

The main subjects of the meetings were the trading volume, the operating profit, the current risk situation of the company and the organisational and strategic development of the business. The focus of these deliberations was the Tradegate subsidiary "Tradegate Börsenservice GmbH", especially the change from its previous function as operator of a multilateral trading facility to operator of a new exchange, the "Tradegate Exchange" (incl. the change of name to "Tradegate Exchange GmbH"), and the steps necessary to obtain the required permit from the authorities. A further point of discussion in this matter was the strategic investment of the Deutsche Börse AG in the Tradegate Exchange GmbH and the respective contract agreement. Other subjects of the regular meetings were the set-up of universal bank operations, the ongoing tense situation on the financial markets and the current changes in the stock exchange environment.

The managing board submitted conditions for an employee stock option scheme, to which the supervisory board gave its unanimous approval, for the allocation of a total of 500,000 employee stock options. The options due to the managing board were allocated by the supervisory board.

In conjunction with the implementation of the requirements of the Minimum Requirements for Risk Management (MaRisk), the business and risk strategy of the company were revised during the year 2009 and submitted and discussed with the supervisory board in the meeting on 9 December 2009.



The members of the supervisory board made sure that the managing board of the company took suitable measures and maintained a monitoring system whereby any developments endangering the continuity of the company could be recognised at an early stage (article 91, section 2 of the Companies Act). The company has an efficient controlling system at its disposal and produces conclusive monthly development reports.

The monitoring of risks, in particular the day-to-day supervision of risks arising from the change in share prices was further improved. The supervisory board was informed by the managing board of the results of the internal audit report. According to this report no particular risks or complaints arose. In the opinion of the supervisory board the existing risk control system fulfils legal requirements and is qualified to enable the real-time monitoring of the company.

The audit for 2009 according to article 36 section 1 of the Securities Trade Act was carried out by Dohm Schmidt Janka Revision und Treuhand AG Wirtschafts-prüfungsgesellschaft, Berlin. The audit report was given to the members of the supervisory board.

In accordance with article 312 of the Companies Act the managing board composed an additional report on business relations with affiliated companies. This report, together with the audit report compiled by the auditor, was submitted to the supervisory board. The auditor checked the report and awarded it the following auditor's certificate:

In the German version of the annual report, the auditor's certificate for the report on business relations with affiliated companies is printed here.

Within its own examination of the report on business relations with affiliated companies, the supervisory board determined that there were no objections to be raised and concurred with the auditor's conclusion.



Annual financial statements 2009

The annual financial statements compiled by the managing board for the business year 2009, including the accounting and management reports, were examined by the auditors Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, and were certified without reservation as follows:

In the German version of the annual report, the auditor's certificate for the annual financial statements of the Tradegate AG Wertpapierhandelsbank is printed here.

The supervisory board also received a copy of the annual financial statements and discussed them at length with the responsible auditors in the meeting on 10 March 2010. The supervisory board examined the financial statements, the report of the managing board and its proposal for profit distribution. Based on its own examination the supervisory board concurred with the auditor's conclusion on the financial statements.

Following the final examination the supervisory board raised no objections and approved the financial statements compiled by the managing board. The financial statements were thus approved. The supervisory board agreed with the managing board's proposal for the use of the net profit for the year of € 2,065,127.98.



Personnel matters

At the Shareholders' General Meeting on 26 August 2009 Mrs Pamela Schmidt-Fischbach, Mr Karsten Haesen and Mr Frank-Uwe Fricke were voted onto the supervisory board as additional members. In the constituent meeting directly after the shareholders' meeting Prof. Dr. Franke and Dr. Koritz were re-elected as chairman and deputy chairman respectively.

According to the contract agreement with the Deutsche Börse AG, Mr Frank-Uwe Fricke resigned from the supervisory board on 1 January 2010. The supervisory board and the company would like to thank Mr Fricke for his services. On 15 January 2010 Mr Rainer Riess was newly elected as member of the supervisory board.

The supervisory board would like to thank the managing board and all employees for their great personal commitment and hard work during the year 2009.

Berlin, 11 March 2010



Professor Dr. Jörg Franke
Chairman of the Supervisory Board





TRADEGATE AG
WERTPAPIERHANDELSBANK

Kurfürstendamm 119 | 10711 Berlin
Telephone: +49 (0)30-890 21-100
Fax: +49 (0)30-890 21-199

Branch:

c/o IHK | Börsenplatz 4 | 60313 Frankfurt/Main

Internet: www.tradegate-ag.de
E-Mail: info@tradegate.de

Impressum

Idea/text: Catherine Hughes
Design/produktion: HELLMANN Grafik Design
Date of printing: May 2010

