Cross-Border Listings Guide - Frankfurt Stock Exchange

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# Quick Summary

## Initial financial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

Three segments of the FSE (operated by Deutsche Börse AG) must be distinguished:

On the one hand, the General Standard and the Prime Standard (EU-Regulated market segments with highest transparency requirements).

On the other hand, Scale (segment of the exchange-regulated Open Market with a lower level of transparency).

The "Quotation Board" of the Open Market is not available for primary listings of equity securities, but available for secondary broker listings of issuers listed elsewhere and who are subject to some degree of transparency obligations at their primary listing venue. For these secondary listings, no consent by the issuer is required and the issuer is not subject to any obligations in connection with the trading of its shares on the Open Market.

Companies applying for admission to the General or Prime Standard must have a minimum of 10,000 issued shares (applies only to no-par shares). The minimum market capitalization of the shares to be listed must be €1.25 million (approximately US$1.38 million). However, these criteria do not play any role in practice, since market conditions demand much higher numbers.

For Scale, the expected market capitalization must amount to at least €30 million (approximately US$33.15 million) and the (notional) nominal value of one share (or Depositary Receipt) must not be lower than €1 (approximately US$1.11). For a secondary listing on the Open Market, there are no financial criteria whatsoever.

With respect to the Prime and General Standard segments, there are no particular financial requirements in terms of profits, revenues or cash flows to be met in order to obtain a primary listing. However, an issuer applying for a listing on the Scale segment must meet three out of the following five key performance indicators: (i) revenues of at least €10 million (approx. US$11.05 million); (ii) annual profits of at least zero (no losses); (iii) positive equity; (iv) at least 20 employees, and (v) cumulated pre-IPO equity of at least €5 million (approx. US$5.53 million). Also, the issuer must confirm it has an operative business and that it meets certain compliance standards and the accredited "Capital Market Partner" which co-signs the listing application must confirm this certification.

## Other initial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

*Prospectus*. A listing on the General or Prime Standard requires a BaFin-approved prospectus. An inclusion on the Scale segment also requires a prospectus in case of a concurrent public offering. However, because Scale has the status of an SME growth market, small and medium size issuers can follow a simplified prospectus standard. In the event of private offering or a pure listing, the issuer must provide an inclusion document, which is a kind of mini prospectus.

*Free float; distribution*. A listing on the General or Prime Standard generally requires a free float of 25%, but the threshold can be lowered in the case of very large issues. A company whose shares will be included on the Scale segment must have a free float of at least 20% or 1 million shares and a minimum of 30 shareholders.

*Application; third party involvement*. An application for listing on the General Standard, the Prime Standard must be made by a bank or financial services provider with a minimum capital of €730,000 (approximately US$806,650). An application for listing on the Scale segment must be co-signed by a "Capital Market Partner" accredited with Deutsche Börse AG. In addition, for an index membership a Prime Standard listing and a designated sponsor is required. In the case of the Scale segment, a compliance advisor also must be contracted.

*Accounting standards.* In the case of General Standard and Prime Standard listings, IFRS or a national GAAP that was deemed equivalent by the European Commission must be complied with. In the case of the Scale segment, IFRS or equivalent, national GAAP (only EEA issuers) or German GAAP must be complied with.

*Financial statements*. In the case of the General Standard and Prime Standard, the applicant must submit audited annual financial statements, including the company report for the last three business years and the auditor certificates. In the case of the Scale segment, those documents must only be provided for the last completed fiscal year.

*Corporate history.* A company applying for admission to the General or Prime Standard must have a history as an enterprise of at least three years and must have duly published its financial statements during that period. For the Scale segment, a two-year corporate existence requirement applies.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

The listing process is much quicker than the prospectus approval process, and may take less than two weeks. However, listing cannot occur until the shares to be listed have been validly issued and the prospectus has been approved. The following is a typical process and timetable for a listing of a foreign company on the FSE in the Prime Standard or General Standard.

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/frankfurtselisting-process.pdf)

## Corporate governance and reporting

[Last updated: 1 January 2024, unless otherwise noted]

There are no corporate governance requirements for a foreign company in order to qualify to list its securities on the FSE. However, if the foreign enterprise is listed via a special listing vehicle in the form of a German AG or SE, the German Corporate Governance Code applies.

While compliance with the recommendations of the Code is voluntary, companies must give a declaration of adherence in which they must disclose which recommendations of the Code have not been (or will not be) observed, including the reasons therefor. German investors will certainly feel more comfortable if the German Corporate Governance Code is observed.

Since the provisions of the Code tie into specific provisions of German corporate law to enhance best practice, it would be rather complicated for a company organized under a foreign law to try to follow the Code and report compliance on a voluntary basis. In this case, it would be preferable if the company followed any corporate governance code or best practice established in its home jurisdiction.

A company listed on the General Standard or Prime Standard or included in Scale must observe transparency obligations. No transparency obligations apply to an issuer included in the Quotation Board as a secondary trading venue.

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

A company seeking to list must pay initial fees and annual fees. Generally speaking, the FSE is one of the least expensive listing venues in the world. For Scale, the initial fee is at least €20,000 (approx. US$22,100), which will increase on a complicated digressive scale for market capitalization above €30 million (approx. US$33.15 million) and there is a quarterly fee of €3,250 (approx. US$3,591). For the General Standard and the Prime Standard, the initial fee amounts to at least €41,499 (approx. US$45,856), which will increase on a complicated digressive scale for market capitalizations above €250 million (approx. US$276.25 million), but the total listing fee is capped at €118,488 (approx. US$130,929) plus an introduction fee of €2,721 (approx. US$3,007). The annual fee is at least €14,397 (approx. US$15,909) for the General Standard and at least €15,220 (approx. US$16,818) for the Prime Standard, plus (in each case) an additional €0.10 for each additional amount of €1 million of market capitalization. Additional fees apply to a prospectus review by the BaFin (€16,915 or approx. US$18,691) and to third party services (such as lawyers, accountants, banks and trading members).

# Overview of exchange

## Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

The Frankfurt Stock Exchange (more commonly referred to as the FSE) is the largest German Exchange with the deepest market. Most German companies maintain their primary listing on this exchange. The FSE attracts more than 85% of the turnover in the German market and also has a significant share in the European market. Mainly through its electronic trading system XETRA®, the FSE is open to foreign investors and market participants.

The Frankfurt Stock Exchange is operated by Deutsche Börse AG (DBAG), which is itself a public company whose shares are listed on the FSE. It pursues an integrated market model. In particular, Clearstream Banking AG, a subsidiary of DBAG, acts as the sole German central custodian and is responsible for the settlement of all trades transacted on the FSE and the other German exchanges. DBAG also operates EUREX, the largest German derivatives exchange and is the majority shareholder of Tradegate, a securities exchange specializing in retail investors, and of EEX AG which operates the EEX (European Energy Exchange), the leading European exchange for energy and a number of other energy markets across the globe. Finally, Deutsche Börse AG also owns 360T a trading platform for foreign exchange.

All trading is electronic trading via its XETRA® trading platform where orders are matched automatically. A "specialist" model for small and midcap issuers still allows some human interference before a transaction is executed. It is possible to participate in the trading via remote membership, and about 55% of the more than 140 XETRA® market participants are located outside Germany.

The FSE has three market segments for a primary listing of shares:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/frankfurtseoverview-of-exchange.pdf)

A key difference in market segments is the distinction between EU-regulated markets and markets that are regulated by the stock exchanges themselves (regulated unofficial markets). On the FSE, companies that are listed on the EU-regulated market are admitted to the General Standard or to the Prime Standard, a segment with even higher transparency requirements. Membership in the Prime Standard is required in order to be eligible for inclusion in one of the selection indices (DAX®, MDAX®, SDAX® and TecDAX®).

Securities may be "included in the trading" (rather than being listed) on the unofficial market (*Freiverkehr*), which the FSE has branded as "Open Market" (which is regulated by the stock exchange itself and classifies also as a multilateral trading facility). No primary listing of equity securities is possible any more in the exchange-regulated Open Market other than on the Scale segment (or its predecessor, the Entry Standard segment, now renamed "Basic Board"). In the "Open Market" shares can be traded:

On the Quotation Board, but only if this is their secondary "listing" venue.

On the Scale segment, if they meet additional transparency requirements.

On the Basic Board, for former issuers listed in the disbanded Entry Standard segment, but which do not meet the requirements (or did not apply) for a listing on the Scale segment. Moreover, Scale issuers who do not fulfill the criteria for a Scale listing any longer can be "downgraded" to the Basic Board. In the following, we do not discuss the Basic Board, since it is not possible to commence a primary listing on the Basic Board.

Companies admitted to the General Standard and the Prime Standard fulfill the transparency requirements under the EU Transparency Directive and gain all the advantages of a full listing.

Since March 2017 the new SME market segment "Scale" has replaced the former Entry Standard market segment. Scale has introduced stricter admission and post-listing obligations compared to the former Entry Standard requirements. Issuers are also subject to the post-listing obligations under the European Market Abuse Regulation (publication of inside information, insider lists, reporting of directors' dealings), with some modifications, given that Scale obtained the status of an SME growth market in December 2019. With the Scale segment, the FSE has created a simple, quick and cost-efficient way of including shares in exchange trading without application of the EU Transparency Directive, but with some elements of comparable transparency, which is particularly suited for small and medium-sized companies.

The aggregate market capitalization of all company shares listed either on the Prime Standard or the General Standard, that is, of the entire Regulated Market, was €1,973 trillion (approximately US$2,180.17 trillion) in December 2023 (€2,210 trillion (approximately US$2,442.05 trillion) in December 2021). As of December 2023, there were 395 companies listed on the Regulated Market (435 companies in December 2021) and 44 companies in Scale (47 companies in December 2021). Of these companies, 40 in the Regulated Market and 2 in Scale were non-German (in December 2021, 45 and 1 company, respectively). Thus, in December 2023, 9.8% of all listings in the Regulated Market were cross-border listings (9.7% in December 2021), and 6.8% in Scale (versus 2.1% in Scale in December 2021).

There is no particular specialization in any of the segments, except that the Scale segment loosely compares with the London Stock Exchange's AIM segment to attract SMEs with a primary focus on institutional investors.

After a wave of IPOs of internet, telecoms and software companies during the "dotcom bubble," there is no particular outstanding trend in the types of companies seeking a listing in Germany. Recent years have seen a relative abundance of (German) spin-offs, but there are also biotech, fintech and other high-tech companies, as well as companies from more traditional industries, listed on the FSE. Private-equity backed IPOs also play an important role. In 2023, there were 6 new listings with a strong focus on the tech sector and one SPAC listing: IONOS (web hosting); ParTec (Supercomputers and Quantum Computers); thyssenkrupp nucera (renewable energies); Schott Pharma (pharmaceutical glass); SMG Technology Acceleration (SPAC); Rigsave (financial services). Notably, two companies were non-German (SMG and Rigsave), four IPOs were on the Regulated market and two on Scale. It should be noted that at the same time some German companies chose to go public in the US, most notably Birkenstock, which went public on the NYSE in October 2023 via a Dutch listing vehicle.

In January 2024, the Future Financing Act went into force, which made important amendments to German corporate law to increase the attractiveness of the German capital market and the attractiveness of using a German stock corporation as a listing vehicle (also to counter the recent wave of German IPOs on US stock exchanges using Dutch listing vehicles).

The most important changes include:

(Re-)introduction of shares with multiple voting rights – thus allowing dual class share structures, which will allow founders to float a company without losing control.

Simplifying the creation of SPACs under German corporate law and also modifying the listing rules for SPACs.

Allowing shares to be registered using distributed ledger technology (crypto shares).

Increasing the ceiling for share offerings with simplified exclusion of pre-emptive subscription rights from 10% to 20% of existing capital.

Improvements in the tax treatment of employee share plans.

While the FSE's supervisory authority is the Ministry of Economy of the State of Hesse, the relevant regulatory authorities for a listing on the FSE are the FSE's management board (*Geschäftsführung*) and the BaFin (*Bundesanstalt für Finanzdienstleistungsaufsicht*), which is the German Federal Financial Supervisory Authority responsible for prospectus review and approval and for the supervision of DBAG as MTF operator.

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

The listing requirements are set forth in the Stock Exchange Act (*Börsengesetz,* orBörsG), the Stock Exchange Admission Ordinance (*Börsenzulassungsverordnung,* or BörszulV) and the Stock Exchange Rules (*Börsenordnung,* or BörsO) of the FSE as well as in the General Terms and Conditions of DBAG for the unofficial market of the FSE (*Allgemeine Geschäftsbedingungen der Deutsche Börse AG für den Freiverkehr an der Frankfurter Wertpapierbörse*).

There are very few differences in listing requirements between foreign and domestic companies. For a listing, the company must have been validly incorporated in accordance with the laws of its statutory seat, and its constitutive documents must comply with the laws of this jurisdiction. There are no jurisdictions of incorporation or industries that would not be acceptable for a listed company, except business models which may be illegal (such as internet gambling).

If instruments are to be listed in Germany that give rights to shares listed on the exchange of another European Economic Area (EEA) country, the FSE is required to check with the competent authorities of the state where the shares are listed. In the case of securities of non-EEA companies, which are not listed in any other EEA country, in order to protect investors the company must show that a listing was not refused elsewhere.

There is no requirement for any shares to be placed into escrow (or otherwise be restrained from being traded, such as through "lock-in" or "lock-up" arrangements) in connection with the listing. However, for market reasons, the underwriters may ask for undertakings from existing shareholders not to sell their shares for a certain period of time and may also ask the company to agree not to issue further shares for an agreed period of time. Shares subject to a lock-up agreement may be exempt from the requirements of the Regulated Market to list an entire class of securities and will typically be assigned a different securities code to distinguish them from the listed securities.

There are no ownership requirements specifically applicable to a listing of a foreign company's securities, in terms of nationality or size of individual shareholdings.

There are no restrictions on the currency denomination of securities. However, share prices can only be quoted in Euro.

The securities to be listed or traded must be freely transferable (bearer securities or registered securities endorsed in blank). Normally, in order to be freely transferable, shares must be put in collective safe custody. Specifically, the global certificates, which represent the original shares would be kept directly in the vaults at Clearstream Banking Frankfurt (CBF), a DBAG subsidiary. In the case of shares in foreign companies, this can be an issue, as CBF needs assurance that the subsequent transfers in its books can validly pass title to the shares. As an alternative, the share certificates of foreign companies can be deposited with a non-domestic central securities depository, which is connected to CBF via a direct settlement link. If no such link exists, other possible solutions include the creation of a new holding company, preferably in the form of a German stock corporation (*Aktiengesellschaft*, or AG) or European Stock Corporation (*Societas Europeae*, or SE) or the listing of certificates that represent the shares (ADRs, GDRs).

In 2021, Germany adopted an act on electronic securities (*Gesetz über elektronische Wertpapiere*, or eWpG) which allows the paperless issuance of debt securities and units in investment funds. E-securities can be in central custody or held in decentralized registers (so-called crypto securities) for which security holders can be recorded in the "blockchain" using distributed ledger technology. E-securities in central custody will be held and can be transferred in the same manner as conventional paper-based securities and their transfer follows the same rules of German property law. The issuance of crypto securities (outside the traditional custody, clearing and settlement systems) is only possible if the issuer appoints a registrar. The regime for e-securities will also be available for equity securities starting in January 2024. In the context of stock exchange listings, only e-securities held in central custody are likely to play a role at least in the short term. At present, the FSE has not revealed any plans to create a parallel market for crypto securities yet, but its systems are ready for handling e-securities in central custody.

*Regulated Market (General or Prime Standard).* A foreign company need not conduct any interviews with the exchange and there are no particular financial requirements in terms of profits, revenues or cash flows to be met in order to obtain a primary listing in the Regulated Market.

If the shares have no par value companies applying for admission to the Regulated Market must have a minimum of 10,000 issued shares. The minimum expected market capitalization of the shares to be listed must be €1.25 million (approximately US$1.38 million). None of these criteria play any role in practice, since market conditions demand much higher numbers.

Companies applying for admission to the Regulated Market must have a history as an enterprise of at least three years and must have duly published their financial statements during that period. However, it is not an obstacle if the company has changed its legal form during the three-year period. It is therefore possible to set up a holding company as a listing vehicle prior to the listing. In addition, exemptions from the three-year period can be granted by the FSE under certain conditions, such as for so-called Special Purpose Acquisition Companies (SPACs), which by their nature do not have an operating history. For SPACs, a special regime has been created that went into force in January 2024.

There is no specific minimum number of security holders for a listing, but there is a minimum free float requirement. Normally, a company applying for a listing on the Regulated Market must have (or must aim for) a minimum of 25% of the class of its shares to be listed distributed to the public (free float) in one or more EEA states, except that the free float requirement can in practice be lowered to as little as 10% in the case of very large issues which secure sufficient liquidity for trading. Account may also be taken of shares in non-EEA states, if the shares are listed in those states.

Regardless of whether or not there is a public offering of securities in connection with the listing there is a prospectus requirement for a listing on the Prime Standard and General Standard Segments. The details of such requirements are discussed in section 3 below.

There are no corporate governance requirements for a foreign company in order to qualify to list its securities on the Regulated Market. However, if the foreign enterprise is listed via a listing vehicle in the form of a German AG or SE, the German Corporate Governance Code applies (see section 5 below).

There is no automatic requirement to have a sponsor in order to obtain a listing. However, in order to be part of a selection index (DAX®, TecDAX®, MDAX®, SDAX®), the stock must be sufficiently liquid, and this may require the appointment of one or even two designated sponsors, who must give binding buy/sell quotes within a certain maximum spread. A designated sponsor must enter into an agreement with the stock exchange, but at the same time, it is not uncommon for a designated sponsor also to enter into an agreement with the issuer. For small cap and mid cap issuers whose shares are traded in a continuous action process, a specialist will be appointed by the FSE, which will also have to provide binding quotes or orders to provide market liquidity.

*Scale*

The issuer must enter into an advisory agreement with a company accredited as a "Deutsche Börse Capital Market Partner." The advisor is not liable for a breach of the transparency and other post-listing obligations, as the issuer will be liable for such breaches under the direct contractual relationship to be entered into by the issuer and DBAG in connection with the application for listing.

A foreign company need not conduct any interviews with the exchange, but for a listing on the Scale segment the issuer must pass an appropriateness review conducted by a bank or financial services provider accredited as a Capital Market Partner with DBAG. To be suitable for a listing on Scale, share issuers must at least comply with three out of the following five key performance indicators:

Revenues of at least €10 million (approximately US$11.05 million).

Annual profits of at least zero (no losses).

Positive equity.

At least 20 employees.

Cumulated pre-IPO equity of at least €5 million (approximately US$5.53 million).

In addition, for Scale, the expected market capitalization must amount to at least €30 million (approximately US$33.15 million) and the (notional) nominal value of one share must not be lower than €1 (approximately US$1.11). Likewise, for certificates representing shares (such as Depository Receipts) the value calculated by dividing the shareholders' equity by the number of certificates which represent such shareholders' equity must be at least €1.

The issuer must have existed as an enterprise for at least two years and the free float must be at least 20% or 1 million shares.

In the Scale segment, an "inclusion document" can be prepared in lieu of a listing prospectus, which must have been reviewed for formal completeness, consistency and comprehensibility and co-signed by the Capital Market Partner who accompanies the listing. This document will be available on DBAG's website for a period of five years. It contains information similar to a prospectus but does not meet the definition of a prospectus. It must inform investors in an objective, non-promotional way about the issuer and the securities. There is no express legal rule that attaches liability to the inclusion document, but there is a risk that the issuer and possibly also the Capital Market Partner who reviewed and co-signed the document could face civil liability for the accuracy and completeness of the inclusion document under general principles of civil law prospectus liability, which have been developed by German courts.

The inclusion document is not required if a prospectus has been prepared and approved by the competent EU authority.

In addition, a corporate profile must be provided and constantly updated, which must be available on the company's website.

There is no specific minimum number of security holders for a listing on the Scale segment, but a minimum free float requirement of 20% or 1 million shares applies.

There are no corporate governance requirements for a foreign company in order to qualify to list its securities on the Scale segment.

*Open Market*

A primary listing on the FSE's Open Market is not possible.

For a secondary listing on the Open Market, there are no financial criteria whatsoever.

The only criterion for a listing is that the company's shares or certificates representing shares have a primary listing in another recognized German or non-German securities exchange.

*No ongoing financial requirements for maintaining a listing*

There are no ongoing financial requirements that must be met to maintain a primary or secondary listing.

There is no requirement for listed foreign companies to have or maintain a minimum trading price for their securities. Nonetheless, shares trading below €1 (commonly known as penny stocks) are considered a questionable investment and will be shunned by most investors. Not infrequently, penny stocks of foreign companies were subject to questionable promotional activities on the Internet which created a strong suspicion of market manipulation. As a result, the FSE closed the Open Market First Quotation Board in 2012, thus getting rid of most German penny stocks.

*Secondary listings*

Secondary listings generally follow the same rules as primary listings. However, there are two possibilities for simplified secondary trading of foreign companies on the FSE.

For the Regulated Market, there is a simplified inclusion procedure for securities that already trade in other German or EEA-domiciled exchanges (marketed by the FSE as its "General Quoted" segment). The procedure may also theoretically be used by a company from a non-EEA country, if in its home market the company is subject to admission requirements and transparency obligations that are equivalent to the requirements in the Regulated Market. In practice, this provision is almost never used. Much more common is an inclusion in trading on the Open Market (Quotation Board), and there are literally thousands of securities traded in this way.

In both cases, inclusion is initiated by a trading member of the FSE and does not even require the consent of the issuer. This type of trading does not create any obligations for an issuer (other than the application of German insider trading and market manipulation rules), but only for the trading member, who must make sure the stock exchange is informed about certain key events and all publications made by the issuer in its home market. Because of these limitations, the Quotation Board is not discussed below.

The following table summarizes the key listing requirements:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/frankfurt-stock-exchange---long-form---principal-listing.pdf?sc_lang=en)

The admission criteria are not materially different for foreign companies. The main issues for foreign companies result from the practical application of the normal criteria for domestic companies. A key issue is typically the way the shares are put into central custody for clearing and settlement. Shares in companies from some jurisdictions, such as Dutch NVs, are capable of being put in German central custody. For other companies, this is either not possible or has not been tested. An alternative would be to deposit the shares with a foreign central custodian, with a settlement link into the German custody system, or to use certificates representing shares (ADRs or GDRs).

Another solution for foreign companies is the creation of a German listing vehicle and depositing the shares with Clearstream Banking AG. A German listing vehicle also allows foreign companies to have a corporate governance framework that is familiar to German investors but would then also have to issue the annual statement on compliance with the DCGK. Of course, tax issues and additional compliance costs must be taken into account when choosing this route.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 January 2024, unless otherwise noted]

*Primary listings*

*Regulated Market (General or Prime Standard)*. Applying for a listing requires co-signing of the application by a German bank, a German financial services provider or an EEA-domiciled enterprise operating in Germany on the basis of a so-called "European passport." The financial institution applying for the listing must have a minimum capital of €730,000 (approximately US$806,650).

The listing application must normally relate to all securities of the same class, with the exception of parts of a class of shares which serve to maintain a controlling influence over the company or shares that temporarily may not be traded (such as in case of a lock-up agreement).

Companies that apply for admission to the Regulated Market (General or Prime Standard) must have published a prospectus approved by the BaFin (or by another competent national authority, please see below). The prospectus must be drafted in accordance with the EU Prospectus Regulation. In the case of an issuer vehicle from another EEA country, the regulator of the home state will have to review and approve the prospectus according to its law, which will be substantially identical as it will also be based on the EU Prospectus Regulation.

Besides an approved prospectus, the applicant must submit the following documents:

A current excerpt from the commercial register.

Current articles of association or by-laws.

Governmental approvals, if any, related to the incorporation of the company, its business activities or the issuance of shares.

Audited annual financial statements, including the company report for the last three business years and the auditor certificates.

Evidence of the issuance of the shares.

In the case of single share certificates, a sample of the certificate.

In the case of a global certification, a declaration by the company that the global certificates have been put in custody with a central depository and that single certificates will be issued if the global certificate is cancelled or upon a valid demand by the security holders.

*Scale*. Trading on the Scale segment does not require a formal listing approval, only a decision by the admissions board to "include" the security in trading. The issuer itself needs to apply for inclusion on the Scale segment, and the application must be co-signed by a Capital Market Partner accredited by DBAG. The Capital Markets Partner must be a German bank, a German financial services provider, an EEA-domiciled enterprise operating in Germany on the basis of a so-called "European passport" or a German branch of a foreign bank domiciled outside the EEA, which has been duly licensed in Germany.

For EEA companies, the prospectus is approved by the home state authority. It is possible to avoid the prospectus requirement in the Scale segment by a private placement with institutional investors or to aim for an inclusion in trading without any public offering of securities. However, in this case, a "mini prospectus" in the form of an "inclusion document" must be prepared and published on the DBAG website.

For an application for inclusion on the Scale segment, the following additional documents must be submitted:

Evidence that an ISIN (International Securities Identification Number) has been assigned to the securities.

Evidence that the securities are freely tradable.

Evidence that transactions in the securities will be properly settled.

Evidence that trading has not been prohibited by any governmental authority.

If no prospectus is required (because no offering takes place concurrently), an "inclusion document", co-signed by the Capital Market Partner who accompanies the listing.

Alternatively, an approved prospectus and all supplements to the prospectus, if any. In this case, the submission must also include:

A certificate of approval of the prospectus by the competent authority.

Evidence of the publication of the prospectus.

Research report by a research provider selected by DBAG.

Statement by the issuer regarding a sufficient free float.

Appointment of at least two representatives of the issuer as contact persons for follow up on post-listing obligations.

A current excerpt from the commercial register (not older than four weeks).

A copy of the current articles of association / by-laws.

Audited consolidated financial statements, including the consolidated company report for the last completed fiscal year prior to the date of application (IFRS or equivalent). Standalone financials are sufficient for an issuer that does not have subsidiaries. An auditor certificate in German or English must be included.

Half-yearly financial statements if the application occurs more than 10 months after the end of the last fiscal year and condensed consolidated financial statements and interim group management report for the first six months of the current fiscal year.

A short company profile that must be published on the website of the issuer.

A corporate calendar which sets forth all important corporate events (such as the date of the annual general meeting).

In the case of non-German issuers, a written power of attorney granted to the accompanying Capital Market Partner for service of legal declarations and deliveries by DBAG.

A compliance advisory agreement with a "Deutsche Börse Capital Market Partner" (see above).

Confirmation by the Capital Market Partner that:

The issuer has been duly incorporated in accordance with the law applicable to the issuer and is an existing company.

The securities to be included have been issued in accordance with the law applicable to the issuer and comply with the provisions applicable to the securities.

The issuer conducts an operative business.

The issuer meets at least three of the five KPIs.

The issuer has made arrangements with regard to:

An internal risk management for the identification, analysis and control of entrepreneurial risks.

An internal system for compliance with its publication and notification obligations.

Internal compliance provisions which ensure the compliance of the issuer's action with applicable law.

The support of shareholders, investors and analysts.

The Executive Board and the Supervisory Board of the issuer have sufficient expertise or experience in connection with the exercise of their respective tasks. This statement must be based on personal interviews with all board members, a review of their CVs and research of publicly accessible information on them.

*Secondary listings*

There is no difference between an application for a primary listing and a secondary listing. Please refer to section 2 above for a description of a simplified inclusion in secondary trading (as opposed to a true listing) on the FSE.

Prospectus requirements

The prospectus requirements are contained in the EU Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC), as amended.

Details of the structure of a prospectus and its exact content can be found in Commission Delegated Regulation (EU) No. 2019/980, as amended.

In particular, the prospectus must include disclosure relating to the following topics:

Details of the persons responsible for the prospectus.

Details of the statutory auditors.

Risk factors relating to the company and its industry.

General information about the company.

A business overview, covering the company's operations, principal activities, significant new products and services and principal markets, important developments, its strategy and objectives, the dependency on intellectual property, and its investments.

Organizational structure.

A description in narrative form of the company's financial condition, changes in financial condition and results of the operations for the periods covered by the financial statements and any significant factors affecting its operating results (Operating and financial review).

Capital resources.

Regulatory environment.

Trend information.

Details of the company's management and supervisory bodies.

Management remuneration and benefits.

Board practices.

Number of employees and their share options.

Major shareholders.

Recent related party transactions.

Dividend policy.

Legal and arbitration proceedings.

Details of the company's share capital, objects, articles of association or charter, rights attaching to shares, procedure for conducting general meetings of shareholders and other related information.

A summary of material contracts.

In addition, information on the securities must be given that includes:

A statement that the issuer has sufficient working capital.

A statement on the issuer's capitalization and indebtedness.

A description of any interest including a material conflict of interest of the persons
involved in the offering.

Reasons for the offer and use of proceeds.

Information concerning the securities to be offered/admitted to trading.

Terms and conditions of the offer.

Admission to trading and dealing arrangements.

Information on any selling securities holder.

A statement on dilution.

The prospectus must also contain historical financial information, in the form of consolidated financial statements for at least the last three completed fiscal years. If the balance sheet date of the last annual financial statements is older than nine months, interim financial statements must be provided. The last balance sheet date of the annual financial statements must not be older than 18 months (if the prospectus contains audited interim financial statements) or 16 months (in the case of unaudited interim financial statements). At any rate, the latest semi-annual or quarterly financial statements must be included in the prospectus if they have been published by the company.

In addition to consolidated financial statements, according to the practice of the BaFin, the company's standalone financial statements for the last fiscal year must be included in the prospectus because such financial statements show the company's distributable profits.

If there has been a recent significant change in the company's position, such as a significant acquisition or merger, it is necessary to include pro forma financial information to reflect how the transaction would have affected its assets and liabilities and earnings if it had occurred at the beginning of the period covered by the report. Also, in the case of a complex financial history (such as mergers with other companies or other major transactions), additional historical financial information for the company or companies that was/were merged into or acquired by the issuer may have to be provided, in order to give a complete picture of the consolidated company's financial history over the last three years.

For a company incorporated in an EEA member state, the accounts must generally be prepared under IFRS. For a company incorporated outside the EEA, the accounts should be prepared either under IFRS or under US or Japanese GAAP (or any other local GAAP which have been deemed equivalent to IFRS by the European Commission).

In all cases, audited financial statements must be provided together with the auditor certificates.

Any prospectus must contain a prospectus summary and the format of the summary has changed substantially under the Prospectus Regulation. Most importantly, its maximum length was shortened to seven pages, and the maximum number of risk factors was limited to 15. Overall, the intent is to make the summary more reader-friendly, also by using a "questions and answers" format.

The prospectus must be approved by the BaFin or in case of issuers from another EEA member state, the competent authority in their home member state. The review period is a maximum of 20 trading days, (10 days for first-time issuers); however, each re-filing technically triggers a new 10-day review period. In the past, a filing timetable could be agreed with the BaFin beforehand that does not exhaust these maximum periods. However, under the new regime, this becomes increasingly more difficult. It usually takes four to eight weeks from the initial filing until the date of prospectus approval.

The listing process with the FSE is much quicker than the prospectus approval process and may take less than two weeks. However, listing cannot occur until the shares to be listed have been validly issued and the prospectus has been approved.

The Prospectus Regulation, which entered into force on 21 July 2019, also creates a new simplified prospectus format (EU growth prospectus) with a significantly reduced set of information required. In this case, the prospectus summary will also be simplified and historical financial information must be provided only for a period of two years.

The EU growth prospectus format is available for small and medium-sized companies (SMEs), companies other than SMEs whose securities are traded or to be traded on an SME growth market with an average market capitalization of less than €500 million (approximately US$552.50 million) and offers by other issuers with a total consideration not exceeding €20 million (approximately US$22.10 million) over a period of 12 months if the securities are not traded on a multilateral trading facility and the issuer has not more than 499 employees. SMEs are defined as companies that meet at least two out of the three following criteria according to their last annual accounts:

Less than 250 employees on average.

Balance sheet total not exceeding €43 million (approximately US$47.52 million).

Annual turnover not exceeding €50 million (approximately US$55.25 million).

A similar simplified prospectus regime is also available for "secondary" issuances, which is a misleading term, as it does not refer to secondary offerings by shareholders, but to offerings by companies of securities, which have been admitted to trading on a Regulated Market for at least 18 months.

*Typical process and timetable for a listing of a foreign company on the FSE*

 [Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/frankfurtselisting-doc-and-proc.pdf)

There are no major variations in the documentation required for an offering of shares of a foreign company, compared to a domestic company.

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

The continuing obligations of a company depend very much on whether it is listed on the Regulated Market.

*Regulated Market*

Any company whose securities are listed on the Regulated Market must treat all holders of the same securities equally. All information needed for the exercise of the rights of a security holder must be made available in Germany. Security holder data must be protected. With each invitation to a general meeting, shareholders must receive a proxy form.

In addition, companies listed on the Regulated Market (General and Prime Standard) are subject to a number of continuing reporting obligations, some of which are periodic, while others are event-driven. They include the obligation to publish notices of general meetings and certain related information, dividend distributions, the issuance of new shares and the agreement or exercise of exchange or conversion rights, warrants, redemption and subscription rights. These obligations apply if Germany is the home state of the company, as well as to non-EEA companies whose shares are only listed in Germany (or, in case of dual listings within the EEA, if Germany was the state of the first listing). In the case of companies whose home state is another EEA country, substantially similar obligations will apply under the law of that country, since all obligations are based on EU directives.

A listed company whose home state is Germany must also publish details of directors' dealings in its shares. The members of the management board (or comparable senior executives) and members of the supervisory board (or a comparable body) are covered by this obligation. They must report their own trades, as well as trades by certain relatives and entities controlled by them. Directors are subject to blackout periods in which they cannot trade ahead of the publication of financial figures.

Such companies must also publish all threshold notices received from their shareholders. Relevant shareholding reporting thresholds for voting shares are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%. Investors are also obliged to report holdings in instruments which entitle or enable them to achieve a respective shareholding (above thresholds, except for the 3% threshold). This obligation will cover (among other items) call options, securities lending and repossession transactions, cash-settled instruments and the writing of put options. The definition also covers cash-settled instruments, if these have an equivalent economic effect. Finally, shareholders must also report the crossing of the above thresholds (other than 3%) for the combination of holdings of shares and instruments. Companies must then publish this information.

Companies listed in the Regulated Market must promptly publish any changes in the number of voting rights as a result of capital increases or decreases to enable shareholders and holders of instruments to calculate their shareholding percentage and make the appropriate notifications.

A company must also report holdings of treasury shares if the 5% or 10% threshold is reached or crossed, and it must report the total number of voting shares at the end of every month in which the number of voting shares has changed.

Shareholders who cross the 10% threshold or a higher threshold must inform the company about their objectives in making their investment and the sources of their funds. The company must publish the statement received from the shareholder or must disclose the fact that the company did not timely receive such a statement.

A Prime Standard company must publish a corporate action timetable with the most important events in the company's calendar, as well as holding at least one generally accessible analyst meeting in addition to the annual financial press conference.

*Scale Segment*

For the Scale Segment, the issuer must:

Publish certain financial information (see below).

Publish and update a company profile and a company calendar that contains certain key events, such as the annual meeting, dividend payment, analyst conferences and the publication dates of financial information.

Provide the Research Provider commissioned by DBAG with all the information requested by the Research Provider and necessary for the preparation of Research Report Updates within the term determined by the Research Provider.

Conduct an information event for analysts and investors at least once a year.

Maintain a support agreement with a Capital Market Partner for support in the compliance with post-inclusion obligations.

Notify DBAG of:

Changes of data such as renaming, change of registered office, change of address, change of financial year, change or transfer of the operative business, change of designated sponsor or specialist.

Corporate actions.

Termination of agreement with the Capital Market Partner and entry into a new agreement with a Capital Market Partner.

Change of contact person.

The issuer is responsible *vis-à-vis* the stock exchange for the due compliance with these obligations, and must agree to pay a penalty of up to €100,000 (approximately US$110,500) for each violation. The maximum penalties for intentional violations depend on the type of violation. The highest maximum penalty applies for failure to publish annual financial statements. For negligent violations, the maximum penalty is half of the maximum for willful misconduct.

*Inside information*

Besides the events listed above, there is a general obligation for a company on the Regulated Market or on MTFs (which include, for example, Scale and the Quotation Board), provided the relevant company has actively requested the listing on the MTF, to publish all inside information that affects the company without undue delay.

Broadly, inside information is information which:

Is of a precise nature (that is, it deals with circumstances that exist or may reasonably be expected to come into existence and is specific enough to make conclusions as to the possible effect on price).

Is not generally public.

Is likely to have a significant effect on price if made public.

This definition includes all material non-public information that is price sensitive, including major agreements, acquisitions or divestitures, major losses, insolvencies and loss of key personnel. Under certain circumstances, a company may self-exempt itself from these obligations temporarily, such as in the case of pending negotiations. Also, interim steps in a protracted process can be inside information.

*Financial information*

The obligation to publish financial information again depends on the market segment.

*Regulated Market*. A company that is admitted to the General or Prime Standard and is a domestic issuer for purposes of the WpHG (the German Securities Trading Act) must publish its annual financial statements within four months after the end of the financial year. A company whose home state is Germany must also notify the public in advance of the publication date and provide the internet address where the annual financial statements will be available.

The annual financial statements should consist of the balance sheet including the income statement, the notes to the consolidated financial statements and the management report. For the presentation of the annual financial statements, the commercial law or the national requirements apply.

A company admitted to the Prime Standard must also submit its annual financial statements and quarterly financial releases (*Finanzmitteilungen*) to the FSE.

Furthermore, a company listed under the General Standard or Prime Standard is required to publish half-yearly financial reports, which consist of short-form financial statements, an interim company report and a certification by the management.

If the company is a parent undertaking, the annual financial statements must also be compiled at the consolidated company level.

*Scale Segment*. A company whose shares are listed on the Scale Segment must publish its audited consolidated annual financial statements and an interim financial report covering the six months since the last balance sheet date.

*Reporting standards*. For the Regulated Market, IFRS reporting standards must be followed, or for non-EEA companies, certain other recognized national GAAP such as US-GAAP and Japanese GAAP are also permitted. For the Scale, additional national GAAP (only for EEA-based issuers) or German GAAP are permitted reporting standards. Normally, audited annual financial statements are required, while interim reports need not be audited.

*Timing*. For the Regulated Market, the annual financial statements must be provided within four months after the end of a fiscal year. Interim reports must be provided within three months from the end of the relevant period for which they were prepared. If the issuer is a German AG or SE and adheres to the German Corporate Governance Code, these periods are shortened to 90 days for the annual financial statements and 45 days for interim reports.

For the Scale Segment, the periods for publication are six months and four months, respectively.

*Insider dealing and market manipulation*

After being listed on the exchange, the company's securities become subject to prohibitions on insider dealing and market manipulation. These prohibitions apply in all segments, not only the Regulated Market. Also, there is no geographical scope of application.

Any person in possession of inside information (defined above) is not allowed to purchase or sell the relevant securities for his or her own account (or for the account, or on behalf, of a third person) by using his or her knowledge of inside information. Relevant securities also includes derivative transactions. Nor is it permitted to amend or cancel an order for the purchase or sale of the relevant securities while in the possession of inside information. Further, he or she may not unlawfully disclose inside information to another person, make a buy or sell recommendation based on this information or otherwise cause a third party to trade in insider securities. A disclosure is not unlawful if made in the normal exercise of an employment, a profession or duties.

European law also prohibits market manipulation by means of false information or misleading statements about circumstances that have a substantial influence on the market valuation of financial instruments, if the information is used to influence the market value or the market price. False or misleading information, in this sense, covers not only statements about hard facts, but also forecasts and evaluations, as long as they are based on facts.

The prohibition also covers the execution of dealings or the placement of buy or sell orders which are likely to give false or misleading signals regarding the offer, demand or exchange or market price of financial instruments or are likely to create an artificial price level. Further, any deceptive act which can influence the fair market value of a financial instrument on a regulated market in Germany or the EU is prohibited. Both willful and negligent breaches of the prohibition may be punished.

*Short selling prohibition and reporting requirement*

EU-Regulation No. 236/2012 stipulates a prohibition of "naked" short selling that—among other financial instruments—covers all stocks admitted to trading on a Regulated Market or other trading venues, including primary listings on the Scale or on other unofficial markets (*Freiverkehr or "Open Market")* in Germany. There is no explicit geographical limitation on this prohibition. A naked short position is one where the seller is not the owner of the securities he or she has sold and does not have an absolutely enforceable claim for the transfer of a sufficient number of securities and does neither have any "locate" agreement in place with a third party which allows a reasonable expectation that the short sale can be settled when due. Contrary to the German predecessor regime, intraday naked short positions are no longer permitted. It is immaterial whether the short position is manipulative or deceptive. However, manipulative or deceptive practices in connection with (naked or covered) short selling could constitute a punishable market manipulation. There is also a European reporting regime for net short positions. The reporting thresholds are 0.1%  and each further increment of 0.1%. The position must be reported to the BaFin. If the short position reaches, exceeds or undercuts 0.5% and any higher increments of 0.1%, the size of the short position must not only be reported, but also published in the Electronic Federal Gazette (*Elektronischer Bundesanzeiger*).

The following table summarizes the principal post-listing transparency obligations.

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/frankfurtsecontinuing-obligationsperiodic-reportin.pdf)

Most post-listing requirements under German law apply to foreign companies only in certain instances, namely when the company is a "domestic issuer" or (in other cases) where the company's home state is Germany. In simplified terms, this is usually the case if the foreign company's primary listing venue is in Germany. Where German law does not apply, the European harmonized regime under the Transparency Directive makes sure that similar obligations would apply under the law of the EEA country where the company is domiciled or where its shares are listed.

A company from the EEA must follow IFRS for its financial reporting. A non-EEA company from a country whose national GAAP has been recognized by the EU (Japan, US, Canada, China, South Korea or India) may be able to report its financial results in that country's national GAAP instead of IFRS.

# Corporate governance

## Corporate governance

[Last updated: 1 January 2024, unless otherwise noted]

There are no corporate governance requirements for a foreign company in order to qualify to list its securities on the FSE. However, if the foreign enterprise is listed via a special listing vehicle in the form of a German AG or SE, the German Corporate Governance Code (the Code) applies, which has been drafted by a governmental commission and which is amended from time to time. The currently applicable version dates from 2022.

While compliance with the recommendations of the Code is voluntary, companies must give a declaration of adherence or must disclose which recommendations of the Code have not been (or will not be) observed, including the reasons therefor. German investors will certainly feel more comfortable if the Code is observed.

The provisions of the Code fall into three categories:

Provisions that simply summarize German stock corporation law.

Recommendations.

Suggestions.

Only compliance with the recommendations must be disclosed, although, in practice, compliance with the suggestions is disclosed as well.

Since the provisions of the Code tie into specific provisions of German corporate law to enhance best practice, it would be rather complicated for a company organized under a foreign law to try to follow the Code and report compliance on a voluntary basis. In this case, it would be preferable if the company followed any corporate governance code or best practice established in its home jurisdiction.

In addition to the provisions of the Code, any foreign company listing through a German AG should familiarize itself with the numerous provisions in the German Stock Corporation Act and the Commercial Code that apply specifically only to listed companies. Within the scope of this summary, it is not possible to list them all.

Since the 2019 version, the Code no longer summarizes points of binding law, but rather states a significantly reduced set of "principles" (still reflecting material governance obligations imposed by law) complemented by recommendations and suggestions. This makes it significantly easier to identify recommendations and suggestions in the Code. Key substantive changes to the Code include amended recommendations regarding compensation of the members of the management board and a new catalogue of indicators for a lack of independence of members of the supervisory board. Moreover, the commission resolved to simplify corporate governance reporting by integrating the corporate governance report with the declaration of compliance with the Code.

The changes for 2022 include a recommendation that the company shall evaluate ecological and social risk and opportunities for the company. The corporate strategy shall state how economic, ecological and social targets shall be implemented in a balanced manner and shall include financial and sustainable goals. By the same token, the internal controls and risk management shall include sustainability aspects and the supervisory board shall monitor the ecological and social sustainability in the strategic direction of the company. Another focus area of the proposed changes are more refined rules regarding the audit committee of the supervisory board, in particular the expertise of the audit committee members.

# Specific situations

## Specific situations

[Last updated: 1 January 2024, unless otherwise noted]

There are no additional requirements, or any changes in the normal requirements, that apply to very large multinational companies. In practice, these companies are all listed on the Prime Standard segment, in order to provide the highest quality reporting and to be included in a selection index.

The Prospectus Regulation now allows a simplified prospectus format for issuers listed in SME growth markets. Smaller companies that want to operate under a less stringent regime may opt for trading on the Scale segment, which has obtained the status of an SME growth market on 16 December 2019.

As a result, Scale issuers no longer need to prepare and maintain insider lists (due an exemption in Article 18 (6) Market Abuse Regulation) and will be allowed to publish their ad hoc notices (disclosure of inside information) on the website of the FSE instead of a media bundle (Art. 17(9) Market Abuse Regulation).

Art. 39 of the EU Prospectus Regulation permits the competent authority of the home Member State to ask for adapted information to be included into the prospectus if the issuer is a “specialist issuer”, for example a property, mineral, investment, scientific research, start-up (with less than three years of existence) or shipping company. ESMA’s update of the recommendations of the Committee of European Securities Regulators of March 2013 contain further details regarding such requirements in Part III (Nos. 128 et seq.), which the BaFin applies in practice. In a consultation paper, ESMA has stated that at this time it does not plan to include these details as part of their guidelines on disclosure requirements under the Prospectus Regulation (which shall replace the recommendations which have been issued under the Prospectus Directive) in the near future and that issuers can continue applying the existing recommendations in that regard.

There are no situations in which a "fast track" or expedited listing can be procured, except as noted above in section 2.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 January 2024, unless otherwise noted]

Foreign companies listed in the General or Prime Standard are required to appoint a payment agent and an agent for service to receive legal notices or processes on the issuer's behalf.

Under the Scale rules, the issuer must appoint the Capital Markets Partner as its agent for receiving legal declarations from DBAG (including unilateral ones, such as a notice of termination of listing).

Otherwise, there is no necessity to maintain offices in Germany or to have directors resident in Germany.

There is no requirement to keep corporate records within Germany.

# Fees

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

Generally speaking, the FSE is one of the least expensive listing venues in the world.

*Initial listing*

*Listing fee for Regulated Market:* A base fee of €41,499 (approximately US$45,856) and
a variable fee of up to €77,000 (approximately US$85,085) depending on the market
capitalization for the Prime Standard and General Standard according to the following table:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/frankfurt-stock-exchange---long-form---fees1.pdf?sc_lang=en)

*Introduction fee for the Regulated Market:* An additional introduction fee of €2,721 (approximately US$3,007) applies for commencement of trading.

*Listing Fee on Scale:* A base listing fee of €20,000 (approximately US$22,100) applies. A variable fee capped at €69,000 (approximately US$76,245) will be added according to the following table:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/frankfurt-stock-exchange---long-form---fees2.pdf?sc_lang=en)

Additional costs are to be taken into account, such as those of the lawyers and accountants in connection with the preparation of the prospectus and the drafting and negotiation of agreements.

Also, the bank or trading member that applies for the listing will charge a fee for this service. If the listing is combined with an offering, the underwriting bank will charge a commission for its services (usually defined as a percentage of the offering proceeds) and also charge its out-of-pocket expenses. In larger offerings, a financial communications firm may also be involved to assist in the preparation of marketing materials.

Further costs include the fee payable to the BaFin for review and approval of the prospectus (€16,915, or approximately US$18,691), costs for custody (varying, depending on the method used) and costs in connection with the issue of shares, such as court and notary fees.

*Ongoing fees*

A listed company must pay an annual fee (payable in quarterly installments) for the ongoing listing/trading of its shares. This fee is:

€15,220 (approximately US$16,818) and an additional €0.10 (approximately US$0.11) for each additional €1 million (approximately US$1.11 million) of market capitalization for the Prime Standard.

€14,397 (approximately US$15,909) and an additional €0.10 (approximately US$0.11) for each additional €1 million (approximately US$1.11 million) of market capitalization the General Standard.

€3,250 per calendar quarter (approximately US$3,591) for Scale.

It is extremely difficult to assess the other costs of being a public company. Those will primarily be human resources costs for maintaining an investor relations department and a compliance department. Further costs may include travel, accommodation and room rent for meetings with analysts, the costs of publication of financial documents and legal notices and (a major cost item) the holding of the annual meeting. Finally, an additional cost may be associated with maintaining a somewhat larger financial department and higher auditor cost if the company has not been reporting its financial data under IFRS prior to its listing.

# Additional Information

## Additional Information

[Last updated: 1 January 2024, unless otherwise noted]

All communications to investors must be made in German and additionally in the English language for the Prime Standard, but it is not necessary to present the documents for the General Standard and the Scale Segment in both languages. It is normally not possible to limit communication to the English language. One exception is the prospectus for the listing and/or public offering, which may be prepared in the English language by a foreign company, provided that a German translation of the prospectus summary is provided.

Many companies (including German listed companies) put out investor relations materials in both languages. Stockholding threshold notices may also be sent to the company only in the English language, and the company may publish the notices only in English.

The FSE's websites (*www.deutsche-boerse.com* and *www.xetra.com*) are fully available in an English version, including documents required in connection with a listing. The website of the German regulator (*www.bafin.de*) and the European regulator ESMA (https://www.esma.europa.eu/) also contain many useful materials and guidance in the English language.

EU legislation, such as the Prospectus Regulation or the Market Abuse Regulation can be retrieved from the website *www.eurlex.europa.eu*.

*Key differences in requirements for domestic companies*

Admission criteria and post-listing obligations for domestic companies are generally the same as those for foreign companies. A key issue for foreign issuers, however, is typically the way the shares are put into central custody for clearing and settlement. Shares in companies from some jurisdictions, such as Dutch NVs, are capable of being put in German central custody. For other companies, this is either not possible or has not been tested. An alternative would be to deposit the shares with a foreign central custodian, with a settlement link into the German custody system, or to use certificates representing shares (ADRs or GDRs).

# Contacts

## Contacts within Baker McKenzie

Christoph Wolf and Manuel Lorenz in the Frankfurt office are the most appropriate contacts within Baker McKenzie for inquiries about prospective listings on the FSE.

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