

## Börse Berlin History

### 1685 - 1863

Börse Berlin is founded in 1685 through an edict of the Elector of Brandenburg Friedrich Wilhelm. Initially it simply provides an assembly location for the two guilds of the chandlers and dress makers for their reciprocal business consultations. The first exchange session takes place on 25 February 1739. After several interstations the exchange moves into the first proper exchange building in 1805. Prior to this, exchange sessions, so called “Morgensprachen” (morning sessions) are held in a garden house in the Lustgarten, the so-called “Grotte” and sometimes under clear sky.



View to the Lustgarten with the exchange between museum and dome

Börse Berlin experiences a first period of prosperity at the beginning of industrialisation. From 1820 on a general economic upturn sets in. Numerous issues of government bonds increasingly advance stock exchange trading. In 1840 the first railway shares are quoted officially, eight years on bank and mining stocks follow. High French reparation payments after the German-French war of 1871 are used to finance infrastructure measures and help trigger the boom of the period of promoterism in Germany. In 1863 the exchange moves into the new prestigious building by Friedrich Hitzig on Burgstraße. Its two trading floors are the largest halls in Berlin at the

time. In summer, trading also takes place in a courtyard of the building, the so-called Sommerbörse (summer exchange). Only twenty years later the exchange building has already proved to be too small and an extension is built.

### 1863 – 1918

In the period of promoterism one of the first bubbles develops. The growing population leads to a shortage of housing space. Speculators use the boom in their own way: Countless newly founded building societies list their shares on the exchange, many of them never realize their building projects. The press reacts with sharp criticism against the “exchange and foundation fraud”. The exchange hereupon revises its Exchange Rules and releases stricter Trading Rules. In 1895 the state intervenes by decreeing an Exchange Law that stipulates drastic changes in futures trading and constricts commodity trading severely.



The exchange on Burgstraße – contemporary copper engraving

1881: The telephone technology finds its way into the exchange world. The telephones are initially located in cell corridors in the cellar of the exchange.



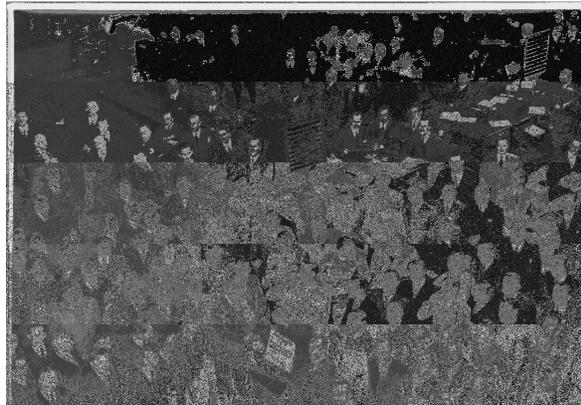
A cell corridor in the cellar of the exchange

In 1912 a Metal Exchange is added to the Security and Commodity Exchange. Copper, zinc, lead, aluminium and antimony are traded here from 1913 on. With the start of the war in 1914 trading in these products is ceased again. From 1916 to 18 all trading is halted on all German exchanges due to the war.

## 1918 – 1945

Due to the industrialisation after the First World War exchange trading in Berlin increases dramatically. In 1922 a fourth trading floor is gained by roofing the “Summer Exchange” courtyard. At this time the exchange counts 6.082 visitors every day (1913 there were 3.400).

After the currency conversion in 1924 trading becomes less turbulent. Newly founded large concerns like I.G. Farbenindustrie and Vereinigte Stahlwerke are the top performers from 1925 on. However, due to a wrong economic and credit policy and due to massive balance of payment difficulties of the state, the stock market collapses on 13 May 1927. The day goes down in history as “Black Friday”. In 1929 the collapse of the New York Stock Exchange precipitates the World Economic Crisis. 1931 a banking crisis in Germany twice leads to the closing of the exchange in Berlin for several months.



Rushhour at Börse Berlin in the beginning of the Thirties

From 1933 on the governance of national socialism handicaps the functioning of the exchange. The new rulers carry out an exchange reform in 1934 that redefines the responsibilities. Amongst others the exchange supervision is assigned to the Reichswirtschaftsminister (Minister of Economic Affairs). The Commodity Exchange is converted to a Corn Exchange and loses its importance due to planned economy measures. Until 1938 the number of exchange visitors sinks to 455, particularly due to the exclusion of Jewish exchange participants.

On 1 March 1937 the quotation for foreign stocks is halted. The Metal Exchange closes with the beginning of the war in 1939. On 13 February 1943 exchange trading with continuous quotation comes to a halt, shortly afterwards a government act rules that the Reichswirtschaftsminister will be responsible for fixing the prices for securities. The exchange thus loses its economic significance. It stays open in this amputated form until 18 May 1945.

On 3 February 1945 the exchange is heavily damaged and almost completely destroyed in the following hostilities.



The ruin of the exchange building in 1950

The ruin of the exchange building is eroded after the war by order of the East Berlin Magistrate. Today the Burgstraße ends at the Friedrichs-bridge. A promenade along the river Spree leads to the Karl-Liebkecht-Straße. A bronze plate reminds passers by of the location where the exchange once stood.

### 1952 – today

After the reform of the banking and security industry in the West sectors of Berlin, stock trading is taken up again on 19 July 1950, initially in the form of the Regulated Open Market.

On 11 March 1952 trading on the Official Market is re-opened in Berlin. Until the completion of a new exchange building, exchange meetings take place in the so called Logenhaus in Emser Straße.



The first trading day after the war

A competition is held for the new construction of the Chambers of Industry and Commerce (IHK). It is won by the Berlin architects Franz Heinrich Sobotka and Gustav Müller. The new exchange building in Fasanenstraße is dedicated on 18 July 1955.



The newly completed building ensemble of IHK and Börse Berlin.....



.Börse Berlin in Fasanenstraße

The exchange history of the postwar period until today is characterised by technical innovation. Soon the slate boards of the first years disappear. In 1965 a new price display system is put into operation. It shows prices with the help of slide projectors. The projections are filmed and transmitted to television screens that are installed in the exchange itself – on the visitor gallery and in traders' cabins – and at banks.



A trader in front of price projections

A pioneering achievement of Börse Berlin were live TV transmissions of the SFB directly from the exchange floor. They started in 1965. For the first time retail investors could follow exchange trading live from their homes.



Live transmissions from the exchange floor ca. 1980

In 1974 computer technology finds its way to the exchange. Exchange transactions are from now on processed electronically with the help of modern data processing equipment. From 1984 on prices are displayed digitally.

Two new market segments are established in 1987, the "Regulated Market" and the "Open Market". Admission requirements to both segments are lower than to the Official Market, free brokers are responsible for the price determination. Other than the Official Market and the Regulated Market the Open Market is an exchange segment subject to private law. It

is regulated by the exchange itself. The admission requirements to the Open Market are eased considerably.

In 2007 the Regulated Market and the Official Market are joined pursuant to a change in the exchange law stipulated by MiFid. The rules and regulations of the new market segment "Regulated Market" are consistent with those of the former Official Market. The Open Market remains unaffected by this change.

Since 1992 Börse Berlin uses Xontro as an electronic broker aided trading system. Xontro is the professional order routing, trading and settlement system of the floor exchanges in Germany.

On 18 June 1994 the foundation stone is laid for the Ludwig Erhard Building. The days of the old exchange building by Sobotka and Müller are numbered. In July 1996 the administration of the exchange move into the Ludwig Erhard Building as its first tenants. The new exchange floor is inaugurated on 4 July 1996 in the presence of Berlin's mayor Eberhard Diepgen.



The exchange floor ca. 1995

Since October 1997 Börse Berlin is present on the Internet. In February 2001 Börse Berlin takes a step that is unique in Germany: it opens the lead brokers' order books on its web portal and offers investors maximum transparency in trading. All that is needed in order to view the order books of securities traded in Berlin is a one-off registration. The service is provided until 2008.



The old exchange next to the construction in progress

Since the beginning of the 90s the Open Market gains increasing importance. After the collapse of the GDR the first Eastern European and Russian stocks are listed here. 1999 all securities listed on NASDAQ follow. Börse Berlin becomes the stock exchange in Germany for foreign stocks. Extended trading hours are tailored to the particular needs of investors in the age of globalisation. Since 1996 Börse Berlin has always played a leading role here, the most recent move was the decision to shift the trading start from 8:30 to 8:00 from 23rd December 2010 onwards. Today the exchange is open non-stop from 8:00 to 20:00 CET on trading days.

In August 2006 Börse Berlin gives up its Exchange floor. Since April 1998 lead brokers were not obliged to be present on the Exchange floor any longer, so an increasing number of them traded from their branch offices – computer-aided trading made it possible.

In September 2007 Börse Berlin takes a majority stake in EASDAQ NV which operates under the brand Equiduct. With the pan-European market model of Equiduct, Börse Berlin re-positions itself as a Start-up. The key requirement of MiFID – best execution – is guaranteed by Equiduct, order by order. The launch of the Equiduct market place takes place on 20 March 2009.

On 21 July 2009 Equiduct enters into a strategic partnership with Citadel Securities, a division of Citadel Investment Group, L.L.C.. The agreement between Citadel Securities and Börse Berlin AG will provide funding to Equiduct for developing its platform into one of Europe's leading execution venues. Equiduct will continue to be operated by Börse Berlin AG, trading takes place on the newly created market segment Berlin Second Regulated Market (BSRM).



The last exchange floor of Börse Berlin

