

Market Volume

in Derivatives



Structured products market somewhat weaker in August

Growth in Discount Certificates and Credit Linked Notes

The outstanding volume of the German structured products market was down somewhat in August. One of the main reasons for this was the redemption of a large number of Capital Protection Products with Coupon and Uncapped Capital Protection Certificates.

Overall, the market volume shrank by 1.0 percent or EUR 781 million compared with the previous month. This trend is shown by the latest figures collected each month from 17 banks by the European Derivatives Group (EDG AG) on behalf of Deutscher Derivate Verband (DDV), the German Derivatives Association. Extrapolating these figures to all issuers puts the **total volume of the German structured products market at EUR 87.8 billion at the end of August.**

Compared with the previous month, the **ratio of investment products to leverage products** shifted slightly in favour of leverage products. They accounted for 2.1 percent of the market volume, while investment products made up 97.9 percent.

Investment products by product category

The volume of **investment products offering full capital protection** fell further in the reporting month, but they remained the most popular category among investors. The volume of Capital Protection Products with Coupon contracted by 2.3 percent month on month to EUR 37.7 ▶▶

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Market Volume August | 2014

- In August, the total volume of the German structured products market was EUR 87.8 billion.
- Discount Certificates and Credit Linked Notes experienced the strongest growth in August, bucking the negative trend.
- Investment products accounted for 97.9 percent of the market volume, while leverage products made up 2.1 percent.
- Despite losing ground, structured products offering full capital protection remained the dominant investment category. Almost two-thirds of investors' money was invested in Capital Protection Products with Coupon and Uncapped Capital Protection Certificates.

billion. This corresponds to 48.8 percent of the investment products volume. At EUR 11.1 billion, Uncapped Capital Protection Certificates lost 1.2 percent in volume. Their share was 14.4 percent. 63.2 percent of the investment products market volume was invested in these two categories in August.

Reverse Convertibles gained 0.3 percent in volume to stand at EUR 6.8 billion. They therefore accounted for 8.8 percent of the investment products market.

Tracker Certificates experienced a minimal decrease of 0.1 percent and recorded a volume of EUR 4.7 billion in August. They accounted for 6.0 percent of the investment products market.

In absolute terms, **Discount Certificates** charted the strongest growth in August, gaining 2.1 percent to stand at EUR 4.6 billion. This category accounted for 5.9 percent of the investment products market.

Express Certificates experienced a drop, losing 0.1 percent. Their volume came in at EUR 4.5 billion, while their share within the investment products segment was 5.8 percent.

The market volume for **Credit Linked Notes** grew by 1.4 percent, taking it to EUR 4.5 billion. Their share of the total volume climbed to 5.8 percent.

Bonus Certificates recorded a 0.5 percent increase. EUR 2.6 billion was invested in this product category. This was equivalent to 3.4 percent of the volume of investment products.

Outperformance and Capped Outperformance Certificates charted a 4.4 percent increase to EUR 97.9 million. However, as this category accounted for just 0.1 percent of the total volume, it had scarcely any impact on the overall trend among investment products.

The volume of **other investment products without capital protection** shrank by 3.0 percent to EUR 854 million. They accounted for 1.1 percent of the volume.

Leverage products by product category

The market volume of **leverage products** rose by 4.4 percent to EUR 1.6 billion in August. All of the product categories experienced growth.

The volume of **Knock-Out Warrants** was up 6.4 percent at EUR 725 million. Their share of volume within the leverage products segment was 44.7 percent.

Warrants recorded growth of 3.4 percent and increased their volume to EUR 644 million. Their market share was 39.7 percent.

The volume invested in **Factor Certificates** rose by 1.5 percent to EUR 254 million. This category accounted for a 15.7 percent share of the leverage products market.

Investment products by underlying

Investment products with **interest rates as an underlying** remained the most popular category in August. Their volume shrank by 1.9 percent to EUR 43.5 billion. Despite these losses, they made up over half of the total investment products volume, accounting for 56.3 percent.

Investment products with **equities as an underlying** followed in second place. Their volume edged up by 0.2 percent to EUR 17.8 billion. They accounted for 23.0 percent of the investment products market. ▶▶

With a share of 18.2 percent, investment products **with indices as an underlying** ranked next. Their market volume shrank by 0.2 percent to EUR 14.1 billion.

Following at a considerable distance behind the other classes were investment products with **commodities as an underlying**, which made up 1.3 percent. Their market volume dropped by 0.6 percent to EUR 1.0 billion.

At 1.0 percent, the share of investment products with **investment funds** as an underlying was even lower. They lost 0.4 percent in August to stand at EUR 793 million.

Investment products with **currencies as an underlying** had hardly any impact in relation to the general trend with a share of 0.1 percent.

Leverage products by underlying

The market volume of leverage products with **equities as an underlying** climbed by 9.1 percent to EUR 793 million. Their

share in the total volume of leverage products was 48.8 percent.

Leverage products with **indices as an underlying** experienced gains of 1.5 percent. Their market volume was EUR 609 million. This corresponds to 37.5 percent of the leverage products.

Lagging some way behind equity and index securities were leverage products with **commodities as an underlying**. Their volume shrank by 5.3 percent to EUR 153 million. Their share in the total volume of leverage products was 9.4 percent.

By contrast, leverage products with **currencies as an underlying** gained 11.8 percent. Their market volume was EUR 52 million, which corresponded to 3.2 percent of the leverage products market.

The market volume of leverage products with **interest rates as an underlying** plummeted 16.6 percent to EUR 17 million. They accounted for 1.0 percent of the volume. ■

The following companies contributed to the market volume statistics:



Deutscher Derivate Verband (DDV)

Deutscher Derivate Verband (DDV), the German Derivatives Association, is the industry representative body for the 17 leading issuers of derivatives in Germany: Barclays, BayernLB, BNP Paribas, Citigroup, Commerzbank, Deutsche Bank, DZ BANK, Goldman Sachs, Helaba, HSBC Trinkaus, HypoVereinsbank, LBB, LBBW, Royal Bank of Scotland, Société Générale, UBS and Vontobel. The Association's work is supported by nine sponsoring members, which include the Stuttgart and Frankfurt am Main stock exchanges, finance portals and service providers.

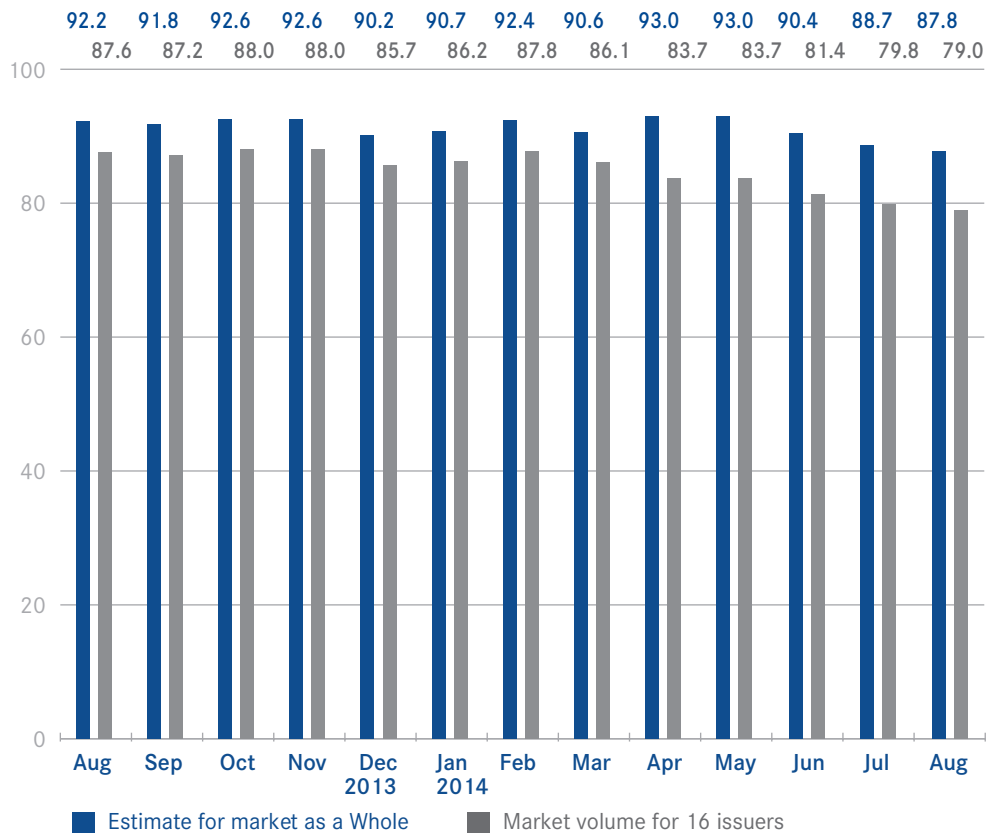
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Market volume since August 2013



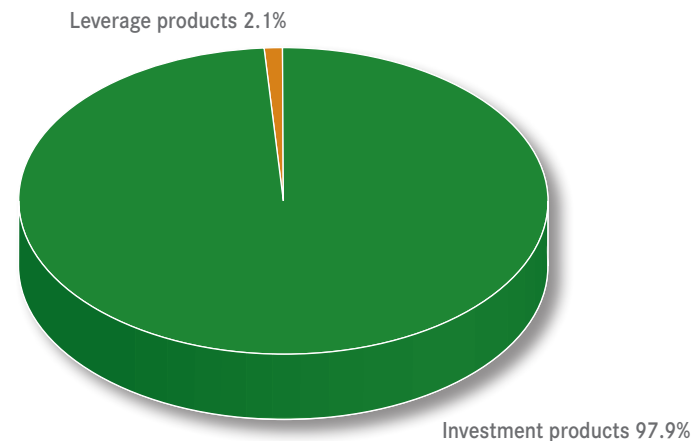
Product classes

Market volume as at 31 August 2014

Product classes	Market volume	Share
	T€	%
Investment products with capital protection	48,864,581	63.2%
Investment products without capital protection	28,507,273	36.8%
Total Investment products	77,371,855	100.0%
Leverage products without Knock-Out	898,791	55.3%
Leverage products with Knock-Out	725,236	44.7%
Total Leverage products	1,624,027	100.0%
Total Investment products	77,371,855	97.9%
Total Leverage products	1,624,027	2.1%
Total Derivatives	78,995,882	100.0%

Product classes

Market volume as at 31 August 2014

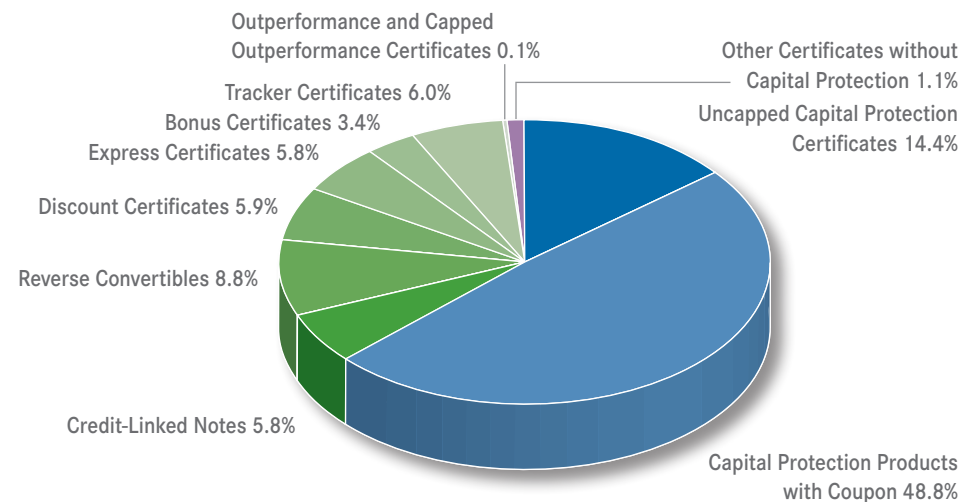


Market volume by product category as at 31 August 2014

Product categories	Market volume		Market volume price-adjusted		Number of Products	
	T€	in %	T€	in %	#	in %
■ Uncapped Capital Protection Certificates	11,115,904	14.4%	11,082,159	14.4%	3,084	0.7%
■ Capital Protection Products with Coupon	37,748,677	48.8%	37,740,747	48.9%	2,323	0.5%
■ Credit-Linked Notes	4,453,924	5.8%	4,443,001	5.8%	958	0.2%
■ Reverse Convertibles	6,839,154	8.8%	6,848,534	8.9%	79,668	18.3%
■ Discount Certificates	4,557,266	5.9%	4,538,024	5.9%	152,451	35.0%
■ Express Certificates	4,450,114	5.8%	4,431,186	5.7%	4,278	1.0%
■ Bonus Certificates	2,597,863	3.4%	2,572,792	3.3%	188,949	43.4%
■ Tracker Certificates	4,656,634	6.0%	4,623,138	6.0%	2,360	0.5%
■ Outperformance and Capped Outperformance Certificates	97,888	0.1%	96,803	0.1%	736	0.2%
■ Other Certificates without Capital Protection	854,430	1.1%	846,096	1.1%	410	0.1%
Investment products total	77,371,855	97.9%	77,222,481	97.9%	435,217	41.1%
■ Warrants	644,369	39.7%	659,631	40.2%	350,101	56.1%
■ Factor Certificates	254,422	15.7%	263,339	16.1%	1,641	0.3%
■ Knock-Out Warrants	725,236	44.7%	716,082	43.7%	271,801	43.6%
Leverage products total	1,624,027	2.1%	1,639,052	2.1%	623,543	58.9%
Total	78,995,882	100.0%	78,861,533	100.0%	1,058,760	100.0%

Investment products by product category

Market volume as at 31 August 2014

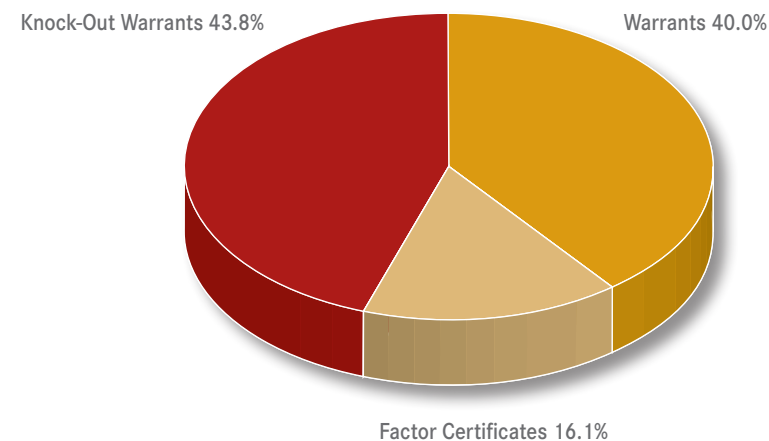


Change in market volume by product category in comparison with previous month

Product categories	Change		Change price-adjusted		Price effect	
	T€	in %	T€	in %	T€	in %
■ Uncapped Capital Protection Certificates	-133,070	-1.2%	-166,815	-1.5%	33,745	0.3%
■ Capital Protection Products with Coupon	-875,050	-2.3%	-882,980	-2.3%	7,930	0.0%
■ Credit-Linked Notes	62,811	1.4%	51,889	1.2%	10,922	0.2%
■ Reverse Convertibles	20,092	0.3%	29,472	0.4%	-9,380	-0.1%
■ Discount Certificates	94,654	2.1%	75,411	1.7%	19,243	0.4%
■ Express Certificates	-5,433	-0.1%	-24,361	-0.5%	18,928	0.4%
■ Bonus Certificates	11,747	0.5%	-13,325	-0.5%	25,072	1.0%
■ Tracker Certificates	-3,318	-0.1%	-36,814	-0.8%	33,496	0.7%
■ Outperformance and Capped Outperformance Certificates	4,113	4.4%	3,029	3.2%	1,084	1.2%
■ Other Certificates without Capital Protection	-26,011	-3.0%	-34,345	-3.9%	8,334	0.9%
Investment products total	-849,464	-1.1%	-998,838	-1.3%	149,374	0.2%
■ Warrants	21,424	3.4%	36,686	5.9%	-15,262	-2.5%
■ Factor Certificates	3,877	1.5%	12,794	5.1%	-8,917	-3.6%
■ Knock-Out Warrants	43,303	6.4%	34,149	5.0%	9,154	1.3%
Leverage products total	68,604	4.4%	83,629	5.4%	-15,025	-1.0%
Total	-780,861	-1.0%	-915,210	-1.1%	134,349	0.2%

Leverage products by product category

Market volume as at 31 August 2014



Market volume by underlying asset as at 31 August 2014

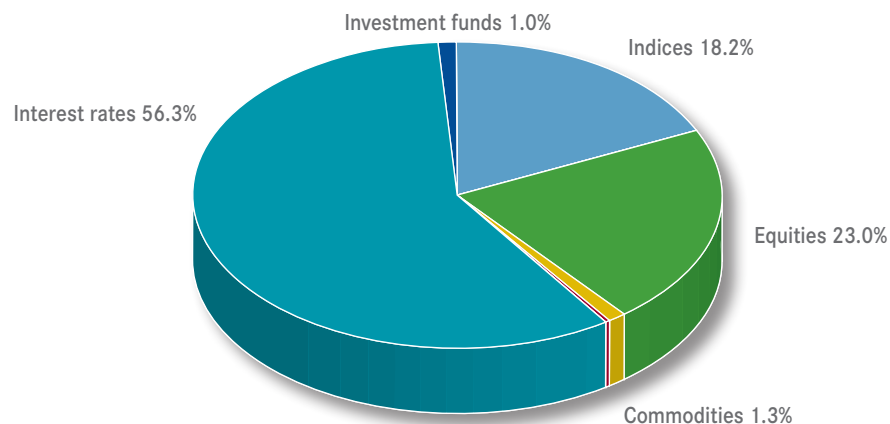
Underlying	Market volume		Market volume price-adjusted*		Number of Products	
	T€	%	T€	%	#	%
Investment products						
Indices	14,115,818	18.2%	14,004,281	18.1%	99,798	22.9%
Equities	17,789,187	23.0%	17,764,952	23.0%	329,935	75.8%
Commodities	1,026,877	1.3%	1,032,521	1.3%	1,833	0.4%
Currencies	103,378	0.1%	102,492	0.1%	61	0.0%
Interest rates	43,543,412	56.3%	43,523,537	56.4%	3,467	0.8%
Investment funds	793,182	1.0%	794,698	1.0%	123	0.0%
	77,371,855	97.9%	77,222,481	97.9%	435,217	41.1%
Leverage products						
Indices	608,521	37.5%	635,539	38.8%	137,437	22.0%
Equities	792,959	48.8%	765,528	46.7%	428,855	68.8%
Commodities	153,146	9.4%	166,917	10.2%	27,628	4.4%
Currencies	52,197	3.2%	46,757	2.9%	27,137	4.4%
Interest rates	16,806	1.0%	23,909	1.5%	2,461	0.4%
Investment funds	398	0.0%	401	0.0%	25	0.0%
	1,624,027	2.1%	1,639,052	2.1%	623,543	58.9%
Total	78,995,882	100.0%	78,861,533	100.0%	1,058,760	100.0%

*Market volume adjusted for price changes = quantity outstanding as at 31 August 2014 x price as at 31 July 2014

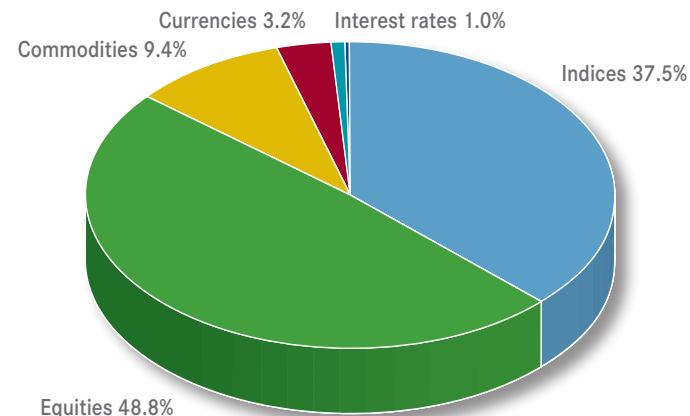
Change in the market volume by underlying asset in comparison with previous month

Underlying	Change		Change price-adjusted		Price effect
	T€	%	T€	%	
Investment products					
Indices	-27,345	-0.2%	-138,882	-1.0%	0.8%
Equities	40,340	0.2%	16,105	0.1%	0.1%
Commodities	-5,811	-0.6%	-167	0.0%	-0.5%
Currencies	3,507	3.5%	2,621	2.6%	0.9%
Interest rates	-856,785	-1.9%	-876,661	-2.0%	0.0%
Investment funds	-3,371	-0.4%	-1,855	-0.2%	-0.2%
	-849,464	-1.1%	-998,838	-1.3%	0.2%
Leverage products					
Indices	8,702	1.5%	35,721	6.0%	-4.5%
Equities	66,276	9.1%	38,845	5.3%	3.8%
Commodities	-8,486	-5.3%	5,285	3.3%	-8.5%
Currencies	5,504	11.8%	65	0.1%	11.6%
Interest rates	-3,344	-16.6%	3,759	18.7%	-35.2%
Investment funds	-48	-10.8%	-45	-10.2%	-0.6%
	68,604	4.4%	83,629	5.4%	-1.0%
Total	-780,861	-1.0%	-915,210	-1.1%	0.2%

Investment products by underlying asset Market volume as at 31 August 2014



Leverage products by underlying asset Market volume as at 31 August 2014



Collection, validation and analysis methodology

1. Calculation of the market volume

In calculating the outstanding volume, the first step is to establish the market volume for an individual issue by multiplying the quantity outstanding by the market price on the last trading day of the month under review. The total market volume is calculated by adding the individual values. The price-adjusted figure is obtained by valuing the outstanding quantities at the market prices on the last trading day of the previous month. Newly launched products are valued at the price on the last trading day in the month under review.

2. Calculation of the turnover

Turnover is calculated at the relevant exercise price by aggregating the individual trades per issue and period and then adding them up. Purchases and sales are included at their relevant absolute amounts. The only turnover recorded is that relating to end customers. Also, issues are not classified as turnover until their value dates. By contrast, repayments are not included in the turnover figures, since they do not constitute actual trades. This means that there is a natural outflow of funds at the maturity date of the products, although this is offset by new issues if investors continue to invest in these investment classes. This turnover calculation can lead to inflows of funds in one investment class in one month that exceed the turnover recorded for that month in terms of their amounts. Also, large price fluctuations can lead to a change in the market volume that exceeds the turnover amount in terms of its amount.

3. Definition of the retail products covered

The collection and analysis process covers market volume and turnover in retail products that are publicly offered and listed on at least one German stock exchange in the relevant survey period. Private placements, institutional transactions and white-label trading are not covered. The possibility that parts of an issue may be bought by institutional investors, for instance through the stock exchange, cannot be ruled out.

4. DDV classification system (Derivatives League)

The product classification system used is based on DDV's Derivatives League concept. Investment products include Uncapped Capital Protection Certificates, Capital Protection Products with Coupon, Reverse Convertibles, Discount Certificates, Express Certificates, Bonus Certificates, Tracker Certificates, Outperformance and Capped Outperformance Certificates, as well as other investment products without capital protection. Leverage products comprise Warrants and Knock-Out Warrants. (For further details please refer to http://www.derivateverband.de/DE/MediaLibrary/Document/ddv_klassifizierung_final.pdf).

5. Differentiation by investment class

Retail products are differentiated by the investment class of the underlying. All products with an equity component are included among the equity-based investment or leverage products. Products with a purely bond-based underlying (e.g. index certificates based on the German REX bond index, capital protected certificates based on the EURIBOR Euro Interbank Offered Rate) are included in the investment class of bonds. The currencies and commodities investment class comprises products based on goods, commodities and currencies. Hedge fund products are also shown separately.

6. Collection of the data

Each month, the issuers provide the relevant data in a specified scope and format from their internal systems (trading, risk management and pricing systems etc.). The mandatory information comprises ISIN, product type, asset class of the underlying, product category, turnover, market volume, quantity outstanding, maturity date of the products, product name, issue date, issue volume (quantity issued). The optional information includes details of the underlying, the knock-out thresholds, market prices and listings on German stock exchanges.

7. Monitoring of compliance with the self-commitment

Compliance with the code of conduct is monitored by means of on-site and off-site inspection of data and systems. Random sampling and targeted requests for selected information are backed up by cross-checking of data using stock exchange data, information services and the websites of issuers. In particular, the data are reconciled on a regular basis in cooperation with Boerse Stuttgart, with the main focus on stock exchange listing, the categorisation of products and the substantiation of figures for turnover and outstanding volumes.

DISCLAIMER

EDG AG regularly checks the methods and analyses on which this interpretation is based. However, it does not guarantee the correctness of the analyses. By signing up to the voluntary agreement, the issuers have agreed to ensure the correctness of the transaction data provided by them, and on which the analysis is based. However, EDG AG cannot guarantee the correctness or the completeness of the data from the issuers.

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