

# Market Volume

in Derivatives



## Volume of structured products down in September

Credit-Linked Notes and Factor Certificates included in statistics for the first time

There was a slight decline in the outstanding volume of the German structured products market at the end of the third quarter. This was mainly owing to the redemption of many products that matured in September. Uncapped Capital Protection Certificates and Express Certificates bucked the general market trend and increased their volume.

Overall, the volume of structured products fell by 0.5 percent, or EUR 425 million. The positive market environment had a positive impact on the structured products market. Prices rose by an average of 0.6 percent. The price-adjusted decline in the outstanding volume was higher, at 1.1 percent, or EUR 927 million. This is shown by the latest figures

collected each month from 16 banks by the European Derivatives Group (EDG AG) on behalf of Deutscher Derivate Verband (DDV), the German Derivatives Association.

When the figures collected by EDG are extrapolated to all issuers, the **total volume of the German structured products market at the end of September** was **EUR 91.8 billion**.

There was a slight shift in the **ratio of investment certificates to leverage products** compared with August, with leverage products gaining slightly. Investment products accounted for 98.5 percent of the volume invested, while leverage products accounted for 1.5 percent. ▶▶

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## Market Volume September | 2013

- At EUR 91.8 billion, the total volume of the German structured products market was down slightly in September.
- Investment products dominated the market, with a share of 98.5 percent, while leverage products played only a minor role, with a share of 1.5 percent.
- The volume of Uncapped Capital Protection Certificates and Express Certificates was up slightly, contrary to the general market trend.
- Structured products offering full capital protection continued to be the dominant investment category. At 66.6 percent, two-thirds of investors' money was invested in Capital Protection Products with Coupon and Uncapped Capital Protection Certificates

### Investment products by product category

In September, security was again of great importance to investors as a factor in their choice of product categories. At altogether 66.6 percent, **investment products offering full capital protection** accounted for around two-thirds of the total open interest in investment products. With a share of 51.8 percent, Capital Protection Products with Coupon accounted for the majority of the capital-guaranteed products. The volume of these products was down 0.2 percent, or EUR 109 million, in comparison with August. The volume of Uncapped Capital Protection Certificates was up 0.4 percent, or EUR 53 million, owing to a 0.8 percent increase in prices. Their share of the total volume of investment products rose to 14.8 percent as a result.

The positive trend in **Reverse Convertibles** came to an end in September. Their market volume fell by 1.1 percent, or EUR 65 million. Adjusted to take account of price increases, the outstanding volume fell by 2.3 percent, or EUR 143 million. Reverse Convertibles accounted for altogether 6.9 percent of the total volume.

**Credit-Linked Notes**, which have been recorded separately since the start of the third quarter, remained almost unchanged in comparison with August. Price rises also had an impact on the growth of these products. After price adjustment a decline of 0.4 percent, or EUR 17 million, was recorded. Their share in the total volume was 5.3 percent.

The most significant decline was recorded in the **Discount Certificates** category. Their volume was down 4.4 percent,

or EUR 200 million, at the end of the third quarter. The significant decline can be attributed to the large number of products that matured. Their share of the total volume was 5.1 percent.

The volume of **Express Certificates** grew, contrary to the general market trend. Their volume was up 0.9 percent, or EUR 43 million, in September. Price rises were also responsible for the growth in this category. The share of Express Certificates in the total volume was 5.8 percent.

The market volume of **Bonus Certificates** fell by 2.7 percent, or EUR 72 million, in September. Taking into account the average 0.7 percent rise in the prices of these certificates, the decline was greater, at 3.4 percent or EUR 92 million. The share of Bonus Certificates in the investment products segment was 3.1 percent.

There was also a decline in **Tracker Certificates**. Their market volume fell by 0.9 percent, or EUR 45 million, in September. Price rises of 2.0 percent resulted in a price-adjusted decline of 3.0 percent, or EUR 144 million. Their share in the total volume was 5.6 percent.

The highest percentage increase in September was recorded in the category of **Outperformance Certificates and Capped Outperformance Certificates**, which grew by 13.0 percent, or EUR 10 million. However, owing to their small share of 0.1 percent in the total volume, this increase had hardly any impact on the overall trend among the investment products.

There was a further significant decline in the volume of **other investment products without capital protection**. The volume in this category was down 5.9 percent, or EUR 80 million and the share in the total volume was 1.5 percent.

### Leverage products by product category

The volume of **leverage products** was up in September, contrary to the general market trend. The outstanding volume of this product category was clearly up by 3.1 percent, or EUR 39 million, in comparison with August.

Divided into the various categories, the leverage products showed different trends in September. The market volume of **Warrants** was up 2.2 percent, or EUR 12 million. Their share in the total volume was 44.2 percent.

There was an even stronger increase in **Knock-Out Products**. They were up 5.5 percent, or EUR 29 million. The share of Knock-Out Products in the total volume was accordingly up to 43.0 percent at the end of September.

By contrast, the volume of the new category of **Factor Certificates** fell by 1.4 percent or EUR 2 million. They accounted for 12.7 percent of the total volume.

### Investment products by underlying

Despite the downward trend, investment products with **interest rates as an underlying** were still very popular with investors in September. At 59.2 percent, more than half the



market volume of investment certificates was invested in interest rate products. The decline in the volume of these products – which fell by 0.2 percent, or EUR 92 million – was mainly caused by the downward trend in Capital Protection Products with Coupon.

**Equities as an underlying** followed in second place, with a share of 19.8 percent of the total volume. The outstanding volume fell by 0.3 percent, or EUR 57 million.

Investment certificates with **indices as an underlying** accounted for 18.7 percent of the total volume, down 1.2 percent or EUR 196 million in comparison with August.

Following at some distance behind the other classes were investment certificates with **commodities as an underlying**. Their market volume fell by 9.7 percent, or EUR 120 million. However, as they only accounted for 1.3 percent of the total volume, commodities did not have a significant impact on the overall trend in investment certificates.

The same applied to investment products with **investment funds as an underlying**. They accounted for 0.8 percent of the total volume – up 0.2 percent, or EUR 2 million, in comparison with August.

Investment certificates with **currencies as an underlying** had hardly any impact on the general trend. Their volume was up very slightly, but they only accounted for 0.1 percent of the total volume.

## Leverage products by underlying

The most popular class of leverage products were those with **equities as an underlying**. Their volume was up 10.7 percent, or EUR 52 million. They accounted for 42.1 percent of the total volume of leverage products in September, replacing indices as the most popular underlying class.

Leverage products with **indices as an underlying** followed close behind equity-based products. Their market volume was up 2.9 percent, or EUR 15 million, in September. They accounted for 40.9 percent of the total volume of leverage products.

Products with **commodities as an underlying** were the next most popular class of leverage product. The outstanding volume was down 14.9 percent, or EUR 23 million. They accounted for 10.0 percent of the total volume of leverage products.

The market volume of leverage products with **currencies as an underlying** was also down. The 11.9 percent, or EUR 7 million, decline was caused by a significant drop in prices in September. These products accounted for 4.0 percent of the total market volume.

There was an increase in the volume of leverage products with **interest rates as an underlying** in September. The volume was up 4.8 percent, or EUR 2 million. Because they accounted for only 3.0 percent of the total volume, their impact on the general trend was not significant. ■

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, BNP Paribas, Citigroup, Commerzbank, Deutsche Bank, DZ BANK, Goldman Sachs, HSBC Trinkaus, HypoVereinsbank, J.P. Morgan, LBBW, MACQUARIE, Royal Bank of Scotland, Société Générale, UBS, Vontobel and WestLB. The Association's work is supported by ten sponsoring members, which include the Stuttgart and Frankfurt am Main stock exchanges, finance portals and service providers.

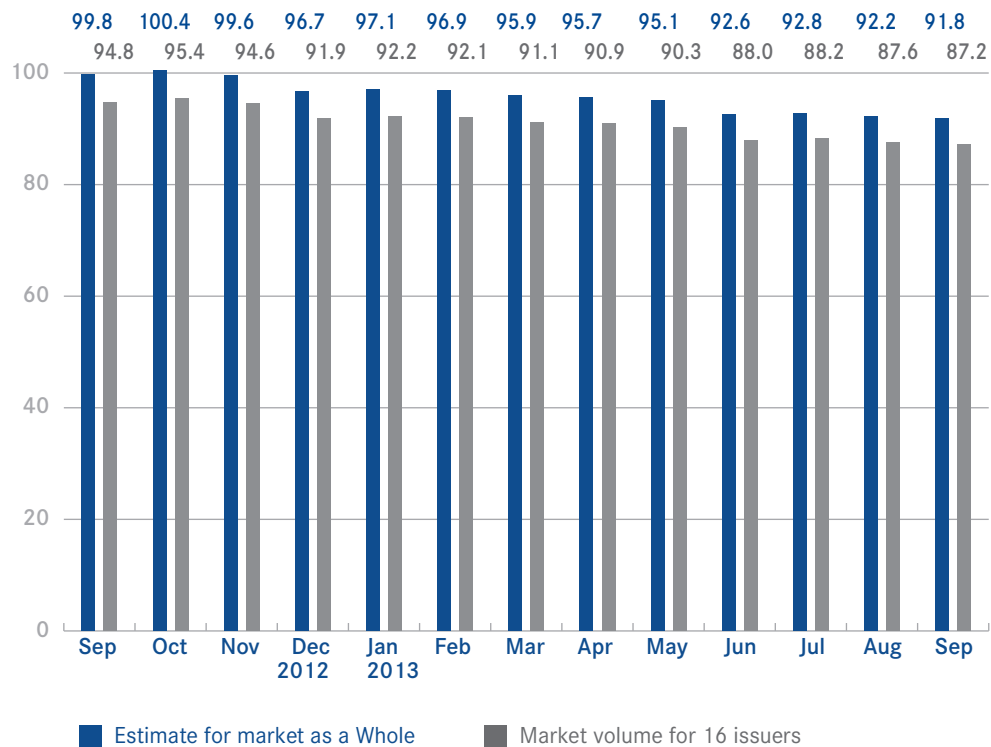
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## Market volume since September 2012



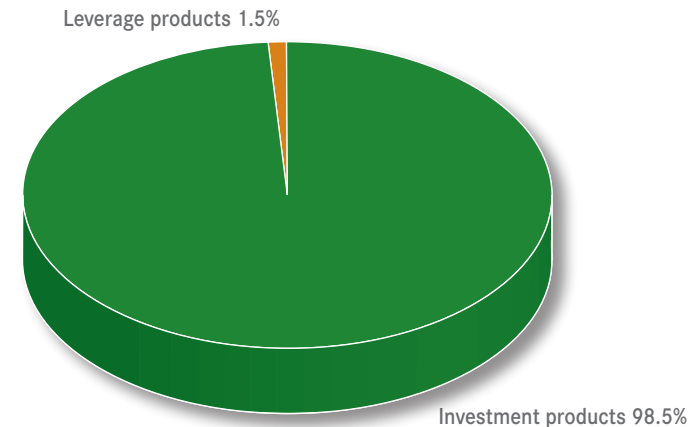
## Product classes

Market volume as at 30 September 2013

Product classes	Market volume	Share
	T€	%
Investment products	85,876,602	98.5%
Leverage products	1,286,595	1.5%
<b>Total Derivatives</b>	<b>87,163,197</b>	<b>100.0%</b>

## Product classes

Market volume as at 30 September 2013

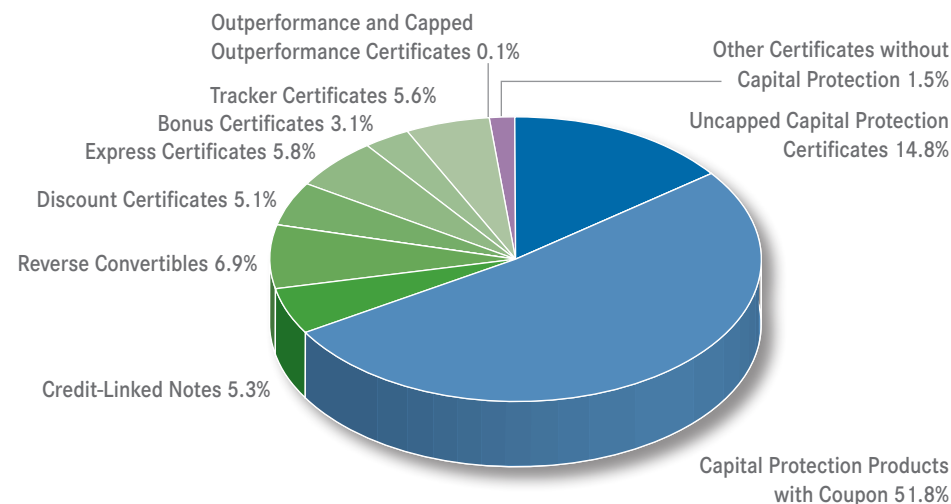


## Market volume by product category as at 30 September 2013

Product categories	Market volume		Market volume price-adjusted		Number of Products	
	T€	in %	T€	in %	#	in %
■ Uncapped Capital Protection Certificates	12,696,742	14.8%	12,599,337	14.8%	3,346	1.0%
■ Capital Protection Products with Coupon	44,461,436	51.8%	44,417,161	52.1%	2,468	0.7%
■ Credit-Linked Notes	4,575,508	5.3%	4,557,924	5.3%	877	0.3%
■ Reverse Convertibles	6,054,851	6.9%	5,977,281	7.0%	56,172	16.6%
■ Discount Certificates	4,382,895	5.1%	4,308,974	5.1%	130,219	38.4%
■ Express Certificates	4,938,408	5.8%	4,812,626	5.6%	3,794	1.1%
■ Bonus Certificates	2,619,889	3.1%	2,599,876	3.0%	138,341	40.8%
■ Tracker Certificates	4,788,565	5.6%	4,689,668	5.5%	2,747	0.8%
■ Outperformance and Capped Outperformance Certificates	90,723	0.1%	86,233	0.1%	634	0.2%
■ Other Certificates without Capital Protection	1,267,586	1.5%	1,251,866	1.5%	647	0.2%
<b>Investment products total</b>	<b>85,876,602</b>	<b>98.5%</b>	<b>85,300,947</b>	<b>98.4%</b>	<b>339,245</b>	<b>43.4%</b>
■ Warrants	569,168	44.2%	610,246	44.9%	268,979	60.9%
■ Factor Certificates	163,568	12.7%	194,412	14.3%	1,033	0.2%
■ Knock-Out Warrants	553,859	43.0%	555,544	40.8%	171,758	38.9%
<b>Leverage products total</b>	<b>1,286,595</b>	<b>1.5%</b>	<b>1,360,202</b>	<b>1.6%</b>	<b>441,770</b>	<b>56.6%</b>
<b>Total</b>	<b>87,163,197</b>	<b>100.0%</b>	<b>86,661,150</b>	<b>100.0%</b>	<b>781,015</b>	<b>100.0%</b>

## Investment products by product category

Market volume as at 30 September 2013

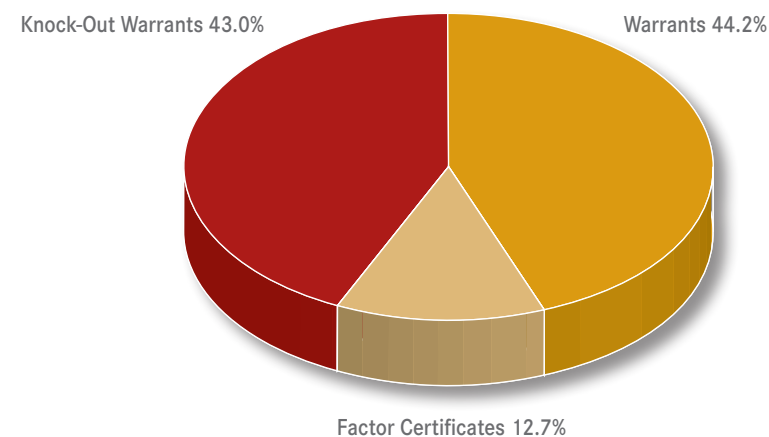


## Change in market volume by product category in comparison with previous month

Product categories	Change		Change price-adjusted		Price effect
	T€	in %	T€	in %	in %
■ Uncapped Capital Protection Certificates	52,741	0.4%	-44,664	-0.4%	0.8%
■ Capital Protection Products with Coupon	-108,915	-0.2%	-153,190	-0.3%	0.1%
■ Credit-Linked Notes	618	0.0%	-16,966	-0.4%	0.4%
■ Reverse Convertibles	-64,941	-1.1%	-142,510	-2.3%	1.3%
■ Discount Certificates	-200,431	-4.4%	-274,352	-6.0%	1.6%
■ Express Certificates	43,467	0.9%	-82,315	-1.7%	2.6%
■ Bonus Certificates	-71,679	-2.7%	-91,691	-3.4%	0.7%
■ Tracker Certificates	-45,064	-0.9%	-143,961	-3.0%	2.0%
■ Outperformance and Capped Outperformance Certificates	10,406	13.0%	5,917	7.4%	5.6%
■ Other Certificates without Capital Protection	-79,659	-5.9%	-95,379	-7.1%	1.2%
<b>Investment products total</b>	<b>-463,456</b>	<b>-0.5%</b>	<b>-1,039,111</b>	<b>-1.2%</b>	<b>0.7%</b>
■ Warrants	12,273	2.2%	53,351	9.6%	-7.4%
■ Factor Certificates	-2,359	-1.4%	28,485	17.2%	-18.6%
■ Knock-Out Warrants	28,792	5.5%	30,478	5.8%	-0.3%
<b>Leverage products total</b>	<b>38,707</b>	<b>3.1%</b>	<b>112,314</b>	<b>9.0%</b>	<b>-5.9%</b>
<b>Total</b>	<b>-424,750</b>	<b>-0.5%</b>	<b>-926,797</b>	<b>-1.1%</b>	<b>0.6%</b>

## Leverage products by product category

Market volume as at 30 September 2013



## Market volume by underlying asset as at 30 September 2013

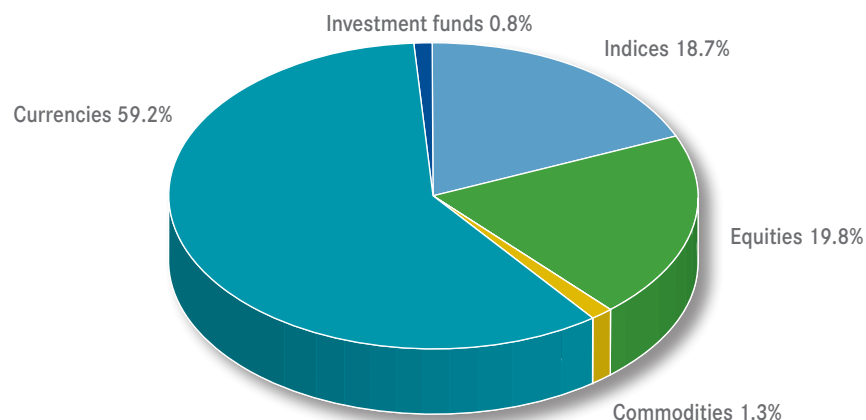
Underlying	Market volume		Market volume price-adjusted*		Number of Products	
	T€	%	T€	%	#	%
<b>Investment products</b>						
Indices	16,087,610	18.7%	15,842,826	18.6%	89,954	26.5%
Equities	16,998,881	19.8%	16,696,758	19.6%	243,206	71.7%
Commodities	1,112,476	1.3%	1,153,931	1.4%	2,269	0.7%
Currencies	100,518	0.1%	100,320	0.1%	55	0.0%
Interest rates	50,852,034	59.2%	50,788,274	59.5%	3,585	1.1%
Investment funds	725,082	0.8%	718,840	0.8%	176	0.1%
	<b>85,876,602</b>	<b>98.5%</b>	<b>85,300,947</b>	<b>98.4%</b>	<b>339,245</b>	<b>43.4%</b>
<b>Leverage products</b>						
Indices	526,119	40.9%	597,306	43.9%	102,212	23.1%
Equities	542,019	42.1%	494,941	36.4%	280,613	63.5%
Commodities	128,376	10.0%	160,493	11.8%	24,486	5.5%
Currencies	51,352	4.0%	59,638	4.4%	32,073	7.3%
Interest rates	38,373	3.0%	47,490	3.5%	2,336	0.5%
Investment funds	357	0.0%	333	0.0%	50	0.0%
	<b>1,286,595</b>	<b>1.5%</b>	<b>1,360,202</b>	<b>1.6%</b>	<b>441,770</b>	<b>56.6%</b>
<b>Total</b>	<b>87,163,197</b>	<b>100.0%</b>	<b>86,661,150</b>	<b>100.0%</b>	<b>781,015</b>	<b>100.0%</b>

\*Market volume adjusted for price changes = quantity outstanding as at 30 September 2013 x price as at 31 August 2013

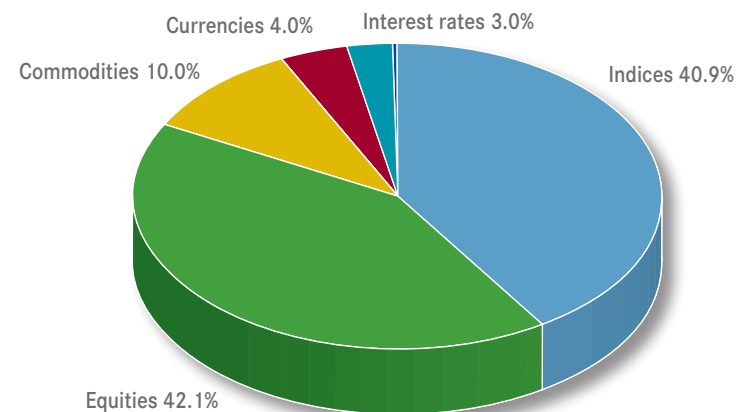
## Change in the market volume by underlying asset in comparison with previous month

Underlying	Change		Change price-adjusted		Price effect
	T€	%	T€	%	
<b>Investment products</b>					
Indices	-196,240	-1.2%	-441,025	-2.7%	1.5%
Equities	-57,051	-0.3%	-359,175	-2.1%	1.8%
Commodities	-120,138	-9.7%	-78,684	-6.4%	-3.4%
Currencies	208	0.2%	9	0.0%	0.2%
Interest rates	-92,023	-0.2%	-155,783	-0.3%	0.1%
Investment funds	1,787	0.2%	-4,455	-0.6%	0.9%
	<b>-463,456</b>	<b>-0.5%</b>	<b>-1,039,111</b>	<b>-1.2%</b>	<b>0.7%</b>
<b>Leverage products</b>					
Indices	14,889	2.9%	86,077	16.8%	-13.9%
Equities	52,292	10.7%	5,215	1.1%	9.6%
Commodities	-22,515	-14.9%	9,603	6.4%	-21.3%
Currencies	-6,966	-11.9%	1,320	2.3%	-14.2%
Interest rates	1,771	4.8%	10,887	29.7%	-24.9%
Investment funds	-764	-68.2%	-788	-70.3%	2.1%
	<b>38,707</b>	<b>3.1%</b>	<b>112,314</b>	<b>9.0%</b>	<b>-5.9%</b>
<b>Total</b>	<b>-424,750</b>	<b>-0.5%</b>	<b>-926,797</b>	<b>-1.1%</b>	<b>0.6%</b>

## Investment products by underlying asset Market volume as at 30 September 2013



## Leverage products by underlying asset Market volume as at 30 September 2013



## 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](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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