

## **New name, clear position: DDV to be renamed Bundesverband für strukturierte Wertpapiere (BSW)**

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The industry representative body of the leading issuers of structured securities in Germany, previously known as the German Derivatives Association (Deutscher Derivate Verband, DDV), will now be known as the German Structured Securities Association (Bundesverband für strukturierte Wertpapiere, BSW).

At the presentation of the new association name at the annual industry forum in Frankfurt, the Co-Chief Executive Officers of the association, Dr Henning Bergmann and Christian Vollmuth, emphasised: "With the change of the name to the BSW, we are replacing the technical term of derivative. In doing so, we are positioning structured securities where the majority should be classified: shoulder-to-shoulder between the traditional security categories of bonds and equities." Structured securities are fundamental and transparent portfolio components for the wealth accumulation, wealth preservation, and wealth management strategies of retail investors in a contemporary investment culture.

"As genuine securities, our members' financial products deserve to be called such," explained Christian Vollmuth. "They have prospectuses approved by the supervisory authority, have transparent payout profiles, and are listed on stock exchanges. They also use the entire infrastructure of securities trading and settlement."

"It is in the interest of all investors that structured securities are easily available in both the advised and non-advised business segments. Structured securities can reduce portfolio risk. At the BSW, we are committed to transparency, investor protection, and a modern investment culture," said Bergmann.

Over the past 15 years, the association and its members have successfully implemented numerous initiatives promoting the fair design and transparency of structured securities. Regularly conducted studies and surveys demonstrate the added value, benefits, and cost transparency of structured securities. Through the adoption of the Fairness Code, a voluntary undertaking, members partly fulfilled in advance what later became legal requirements. In addition, the Sustainable Finance Code of Conduct was presented as early as 2021.

Sustainability continues to drive the agenda, and financial education will become significantly more important in the future. "Everything our products do, they can also do sustainably. We want to actively help shape sustainable finance and see ourselves as a

provider of solutions– this also applies to the Financial Literacy Initiative of the German Federal Ministry of Finance and the German Federal Ministry of Education and Research. We want to contribute to this so that enlightened investors can make confident investment decisions,” emphasised Vollmuth.

“We also need a sensible legal framework,” demanded Bergmann with regard to the ongoing discussions on the European Commission’s Retail Investment Strategy. “The common goal with the European Commission should be to enable and inspire more investors to invest in securities. Our securities culture must be further strengthened!” said Bergmann at the forum.

The 15 member institutions of the BSW account for a market volume of structured securities amounting to 95 billion euros. Investment products make up over 97 percent of this market volume, with leverage products accounting for the remainder. In 2022, securities turnover on the Frankfurt, Stuttgart, and gettex exchanges totalled 57.6 billion euros, and turnover for the first half of 2023 alone was 25.3 billion euros. Structured securities can be traded with issuers not only on exchanges, but also over the counter.

Structured securities are bearer bonds provided by an issuer. They are related to specific underlying assets (equities, indices, commodities, currencies, interest rates, etc.). Whereas investors in traditional investments in equities, funds, and ETFs are always dependent on rising prices and dividend payments to achieve profits, structured securities can also generate interesting returns with moderately rising, sideways-trending, and even falling prices of the underlying assets. Accordingly, structured securities offer a wide variety of potential uses across all market phases and according to individual risk appetite. In principle, structured securities can be divided into investment products and leverage products.

The range of structured securities offered by BSW members includes capital protection products with coupon and other products with 100 percent capital protection at maturity. Investors also have access to products that play to their strengths particularly in sideways-trending markets, and that can be less risky than a direct investment in an underlying asset (e.g., purchasing equities); products such as express, bonus, and discount certificates, as well as reverse convertibles. With tracker certificates, investors have access to diversified investments in markets, sectors, and trends, as well as commodities. Leverage products (such as warrants, knock-out warrants, and constant leverage certificates) enable experienced investors to participate disproportionately in the price movements of an underlying asset and can also be used for hedging purposes. The leverage effect of leverage products always entails the risk of total loss.

A clear product classification with concise definitions is available on the BSW website ([www.derbsw.de/EN](http://www.derbsw.de/EN)).

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Bundesverband für strukturierte Wertpapiere (BSW), the German Structured Securities Association, is the industry representative body for the leading issuers of structured securities in Germany: Barclays, BNP Paribas, Citi, DekaBank, Deutsche Bank, DZ BANK, Goldman Sachs, HSBC, J.P.Morgan, LBBW, Morgan Stanley, Société Générale, UBS, UniCredit, and Vontobel. Furthermore, the association’s work is supported by over 20 sponsoring members, which include the Stuttgart, Frankfurt, and gettex exchanges, as well as Baader Bank, the direct banks comdirect bank, Consorsbank, DKB, flatexDEGIRO, ING-DiBa, maxblue, S Broker, Smartbroker, and Trade Republic, along with the finance portals [finanzen.net](http://finanzen.net) and [onvista](http://onvista.com), and other service providers.