

Market Volume

in Derivatives



Structured products market remains stable in April

Demand still high for Reverse Convertibles

The outstanding volume of the German structured products market remained stable in April. Compared to the previous month, the market volume dipped slightly by EUR 39 million. Price effects had scarcely any impact, with prices falling by an average of 0.1 percent. In price-adjusted terms, the market volume therefore grew slightly, up EUR 22 million.

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. Two new issuers were included in the market statistics from April onwards: Von-

tobel and Citigroup. At the same time, coverage of Landesbank Berlin ceased, meaning that the number of participants increased to 17 as of 30 April 2014.

Extrapolating the figures collected by EDG to all issuers puts the **total volume of the German structured products market at EUR 93.0 billion at the end of April.**

Compared with the previous month, the **ratio of investment products to leverage products** shifted slightly in favour of leverage products. They accounted for 2.0 percent of the market volume, while investment products made up 98.0 percent. ▶▶

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Market Volume April | 2014

- In April, the total volume of the German structured products market was EUR 93.0 billion.
- Reverse Convertibles increased their market volume again month on month. Their market share stood at 8.3 percent in April.
- Investment products accounted for 98.0 percent of the market volume, while leverage products made up a mere 2.0 percent.
- Capital protection products continued to be the dominant investment category. Almost two-thirds of investors' money was invested in Capital Protection Products with Coupon and Uncapped Capital Protection Certificates.

Investment products by product category

The overall volume of **capital protection products** fell in the reporting month, but they still remained the most popular category among investors. Capital Protection Products with Coupon decreased by 1.6 percent or EUR 662 million compared with the previous month. They accounted for more than half of the volume of investment products with a share of 50.3 percent. Uncapped Capital Protection Certificates gained 0.7 percent or EUR 86 million in volume. Their market share was 14.6 percent. Almost two-thirds of the market volume was invested in these two product categories in April.

Reverse Convertibles increased their market volume by 3.0 percent or EUR 202 million. They therefore accounted for an 8.3 percent share.

The market volume for **Tracker Certificates** shrank by 0.8 percent or EUR 40 million. They made up 5.8 percent of the investment products market.

Express Certificates made gains in April. The market volume in this category grew by 3.4 percent or EUR 152 million. Their share was 5.6 percent.

Growth in the **Discount Certificates** segment was somewhat slower. Their volume increased by 3.1 percent or EUR

140 million at the beginning of the second quarter. They accounted for 5.6 percent of the volume.

Credit Linked Notes experienced growth of 1.1 percent or EUR 47 million month on month. Their share of the total volume stood at 5.1 percent.

Bonus Certificates increased their market volume by 3.7 percent or EUR 94 million. They accounted for 3.2 percent of the volume of investment products.

The **Outperformance and Capped Outperformance Certificates** category shrank, coming in down 0.3 percent or EUR 411 thousand. However, as it accounted for just 0.2 percent of the total volume, this category had scarcely any impact on the overall trend among investment products.

The volume of **other yield enhancement products** rose by 1.1 percent or EUR 10 million. Their market share was 1.1 percent.

Leverage products by product category

The market volume of **leverage products** decreased by 3.8 percent or EUR 68 million in April. All three product categories lost market volume.

The volume invested in **Knock-Out Warrants** fell by 4.5 percent or EUR 35 million. Their share of volume within the leverage products segment was 44.8 percent.

Warrants also lost ground. The losses of 3.2 percent or EUR 23 million in this category were due solely to negative price effects of 8.9 percent. They accounted for 41.2 percent of the volume.

The volume of **Factor Certificates** also fell. The decrease of 3.8 percent or EUR 9 million in this category was also exclusively attributable to negative price effects of 4.6 percent. Their market share was 14.0 percent.

Investment products by underlying

Structured products with interest rates as an underlying were the most popular investment products in April. Despite losses of 1.3 percent or EUR 640 million, they made up more than 57.5 percent of the investment products volume.

Structured products with **equities as an underlying** followed in second place. Their volume climbed by 3 percent or EUR 533 million. They made up 22.2 percent of the investment products market.



With a share of 18.0 percent, investment products with **indices as an underlying** ranked after equities. Their market volume grew by 0.6 percent or EUR 86 million.

Following at a considerable distance behind the other classes were investment products with **commodities as an underlying**. Their outstanding volume contracted by 0.7 percent or EUR 7 million. Commodities therefore accounted for a 1.3 percent share.

At 0.9 percent, the share of investment products with **investment funds as an underlying** was even lower. They gained 8.2 percent or EUR 59 billion.

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** was down 3.9 percent or EUR 32 million. They

made up 46.9 percent of the total volume of leverage products.

Leverage products with **indices as an underlying** lost 3.7 percent or EUR 26 million in volume. They made up 39.9 percent of the leverage products market.

Following at some distance behind equity and index securities were leverage products with **commodities as an underlying**. Their outstanding volume climbed by 1.5 percent or EUR 2 million.

The market volume of leverage products with **currencies as an underlying** decreased by 11.0 percent or EUR 5 million. Their share of the total volume of leverage products stood at 2.5 percent.

The market volume of leverage products with **interest rates as an underlying** dwindled by 24.0 percent or EUR 7 million. They accounted for 1.3 percent of the volume. ■

An der Erhebung der Marktvolumenstatistik beteiligen sich:



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.

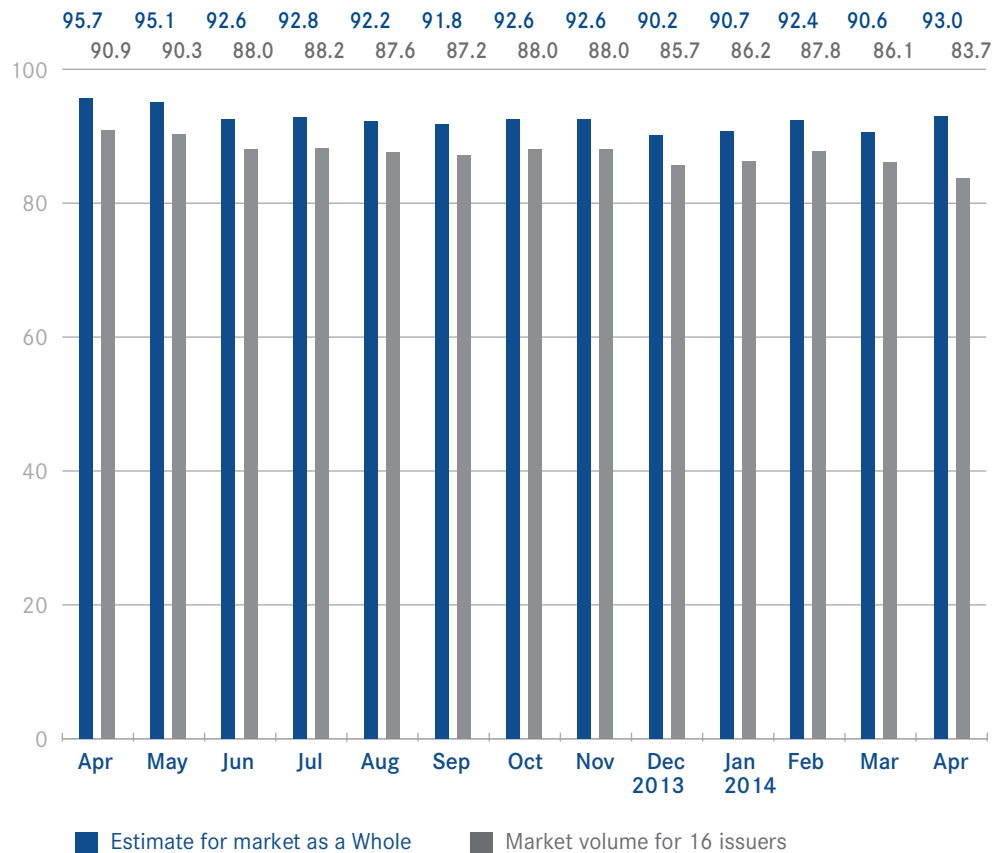
Office Berlin, Pariser Platz 3, 10117 Berlin
Office Frankfurt a.M., Feldbergstr. 38, 60323 Frankfurt a.M.

Please address any queries to:

Barbara Wiesneth, Press Secretary
phone: +49 (69) 244 33 03 - 70, mobile phone: +49 (172) 724 21 53
wiesneth@derivateverband.de

www.derivateverband.de

Market volume since April 2013



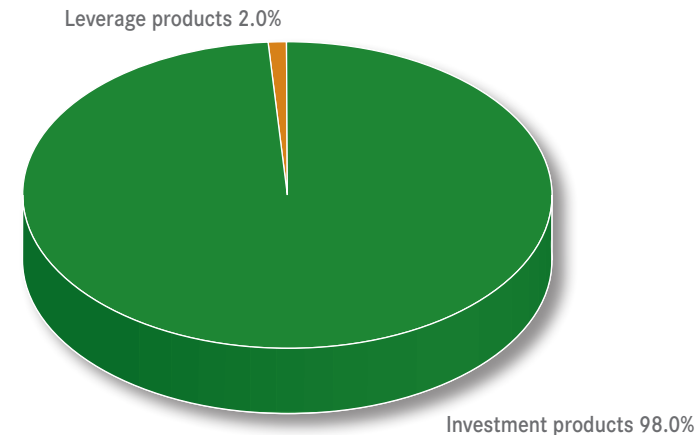
Product classes

Market volume as at 30 April 2014

Product classes	Market volume	Share
	T€	%
Investment products	82,012,811	98.0%
Leverage products	1,699,297	2.0%
Total Derivatives	83,712,108	100.0%

Product classes

Market volume as at 30 April 2014

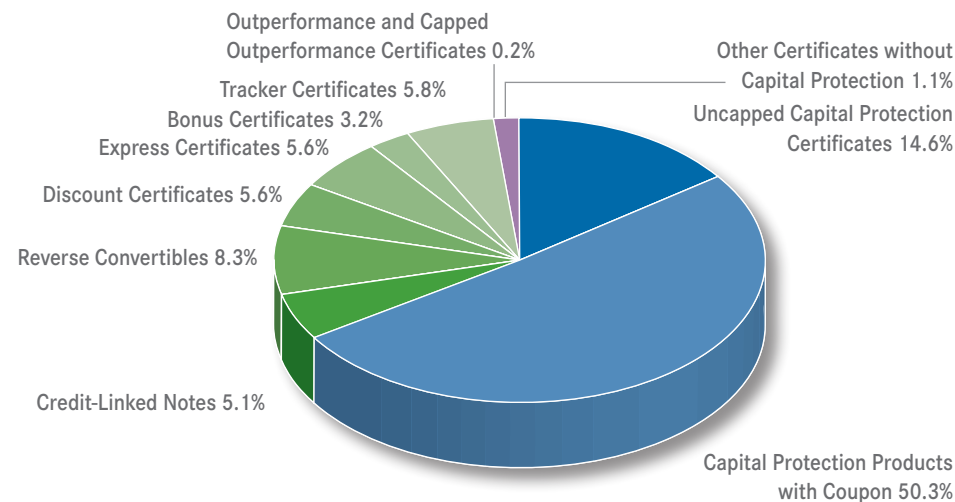


Market volume by product category as at 30 April 2014

Product categories	Market volume		Market volume price-adjusted		Number of Products	
	T€	in %	T€	in %	#	in %
■ Uncapped Capital Protection Certificates	11,971,524	14.6%	11,944,692	14.6%	3,175	0.7%
■ Capital Protection Products with Coupon	41,281,354	50.3%	41,289,365	50.4%	2,354	0.5%
■ Credit-Linked Notes	4,182,670	5.1%	4,175,977	5.1%	852	0.2%
■ Reverse Convertibles	6,916,759	8.3%	6,927,565	8.5%	79,043	17.9%
■ Discount Certificates	4,612,847	5.6%	4,601,173	5.6%	155,152	35.1%
■ Express Certificates	4,612,130	5.6%	4,603,456	5.6%	4,080	0.9%
■ Bonus Certificates	2,658,878	3.2%	2,636,213	3.2%	194,107	43.9%
■ Tracker Certificates	4,721,686	5.8%	4,744,590	5.8%	2,427	0.5%
■ Outperformance and Capped Outperformance Certificates	150,360	0.2%	148,412	0.2%	934	0.2%
■ Other Certificates without Capital Protection	904,604	1.1%	903,922	1.1%	401	0.1%
Investment products total	82,012,811	98.0%	81,975,363	97.9%	442,525	42.3%
■ Warrants	700,432	41.2%	764,796	42.5%	343,823	56.9%
■ Factor Certificates	237,360	14.0%	248,751	13.8%	1,208	0.2%
■ Knock-Out Warrants	761,505	44.8%	783,958	43.6%	259,422	42.9%
Leverage products total	1,699,297	2.0%	1,797,506	2.1%	604,453	57.7%
Total	83,712,108	100.0%	83,772,869	100.0%	1,046,978	100.0%

Investment products by product category

Market volume as at 30 April 2014

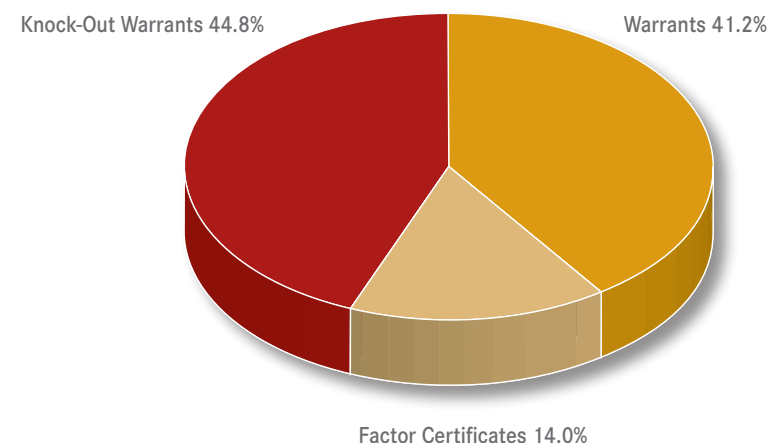


Change in market volume by product category in comparison with previous month

Product categories	Change		Change price-adjusted		Price effect	
	T€	in %	T€	in %	T€	in %
■ Uncapped Capital Protection Certificates	86,396	0.7%	59,564	0.5%		0.2%
■ Capital Protection Products with Coupon	-662,041	-1.6%	-654,030	-1.6%		0.0%
■ Credit-Linked Notes	46,525	1.1%	39,831	1.0%		0.2%
■ Reverse Convertibles	201,735	3.0%	212,541	3.2%		-0.2%
■ Discount Certificates	139,966	3.1%	128,293	2.9%		0.3%
■ Express Certificates	152,485	3.4%	143,810	3.2%		0.2%
■ Bonus Certificates	94,019	3.7%	71,354	2.8%		0.9%
■ Tracker Certificates	-39,948	-0.8%	-17,044	-0.4%		-0.5%
■ Outperformance and Capped Outperformance Certificates	-411	-0.3%	-2,359	-1.6%		1.3%
■ Other Certificates without Capital Protection	10,264	1.1%	9,582	1.1%		0.1%
Investment products total	28,992	0.0%	-8,456	0.0%		0.0%
■ Warrants	-23,086	-3.2%	41,278	5.7%		-8.9%
■ Factor Certificates	-9,416	-3.8%	1,975	0.8%		-4.6%
■ Knock-Out Warrants	-35,491	-4.5%	-13,037	-1.6%		-2.8%
Leverage products total	-67,993	-3.8%	30,216	1.7%		-5.6%
Total	-39,002	0.0%	21,759	0.0%		-0.1%

Leverage products by product category

Market volume as at 30 April 2014



Market volume by underlying asset as at 30 April 2014

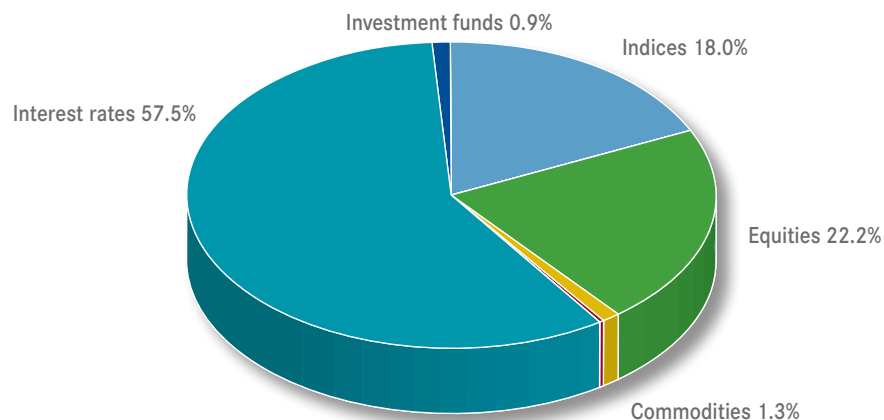
Underlying	Market volume		Market volume price-adjusted*		Number of Products	
	T€	%	T€	%	#	%
Investment products						
Indices	14,735,449	18.0%	14,702,055	17.9%	106,576	24.1%
Equities	18,213,726	22.2%	18,206,441	22.2%	330,296	74.6%
Commodities	1,045,753	1.3%	1,044,944	1.3%	2,055	0.5%
Currencies	111,365	0.1%	111,360	0.1%	64	0.0%
Interest rates	47,130,447	57.5%	47,130,477	57.5%	3,408	0.8%
Investment funds	776,071	0.9%	780,086	1.0%	126	0.0%
	82,012,811	98.0%	81,975,363	97.9%	442,525	42.3%
Leverage products						
Indices	678,534	39.9%	711,227	39.6%	138,408	22.9%
Equities	796,831	46.9%	842,593	46.9%	403,415	66.7%
Commodities	159,678	9.4%	168,654	9.4%	31,762	5.3%
Currencies	41,795	2.5%	47,808	2.7%	28,828	4.8%
Interest rates	22,029	1.3%	26,801	1.5%	2,012	0.3%
Investment funds	431	0.0%	423	0.0%	28	0.0%
	1,699,297	2.0%	1,797,506	2.1%	604,453	57.7%
Total	83,712,108	100.0%	83,772,869	100.0%	1,046,978	100.0%

*Market volume adjusted for price changes = quantity outstanding as at 30 April 2014 x price as at 31 March 2014

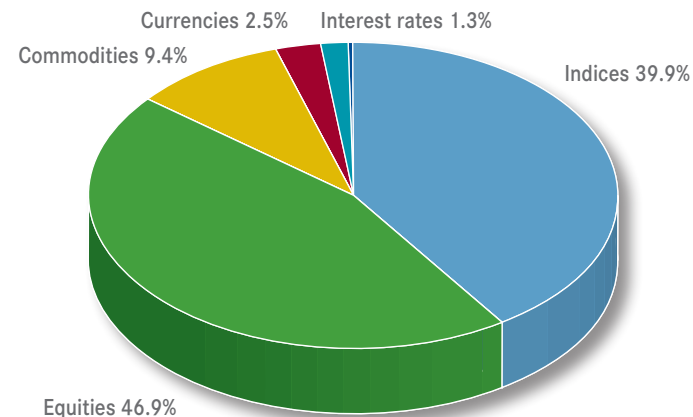
Change in the market volume by underlying asset in comparison with previous month

Underlying	Change		Change price-adjusted		Price effect
	T€	%	T€	%	
Investment products					
Indices	105,730	0.7%	57,335	0.4%	0.3%
Equities	42,341	0.2%	51,684	0.3%	-0.1%
Commodities	-25,605	-2.4%	-5,406	-0.5%	-1.9%
Currencies	-1,604	-1.4%	-1,746	-1.5%	0.1%
Interest rates	-1,757,138	-3.4%	-1,717,114	-3.4%	-0.1%
Investment funds	489	0.1%	-8,996	-1.2%	1.3%
	-1,635,787	-1.9%	-1,624,244	-1.9%	0.0%
Leverage products					
Indices	4,365	0.7%	37,528	5.9%	-5.2%
Equities	-42,761	-5.6%	26,909	3.6%	-9.2%
Commodities	-31,738	-17.5%	-6,908	-3.8%	-13.7%
Currencies	-2,525	-5.3%	-1,955	-4.1%	-1.2%
Interest rates	-3,412	-10.5%	28	0.1%	-10.6%
Investment funds	-15	-3.5%	-36	-8.4%	4.8%
	-76,085	-4.6%	55,566	3.4%	-7.9%
Total	-1,711,872	-1.9%	-1,568,678	-1.8%	-0.2%

Investment products by underlying asset Market volume as at 30 April 2014



Leverage products by underlying asset Market volume as at 30 April 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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