

# Market Volume

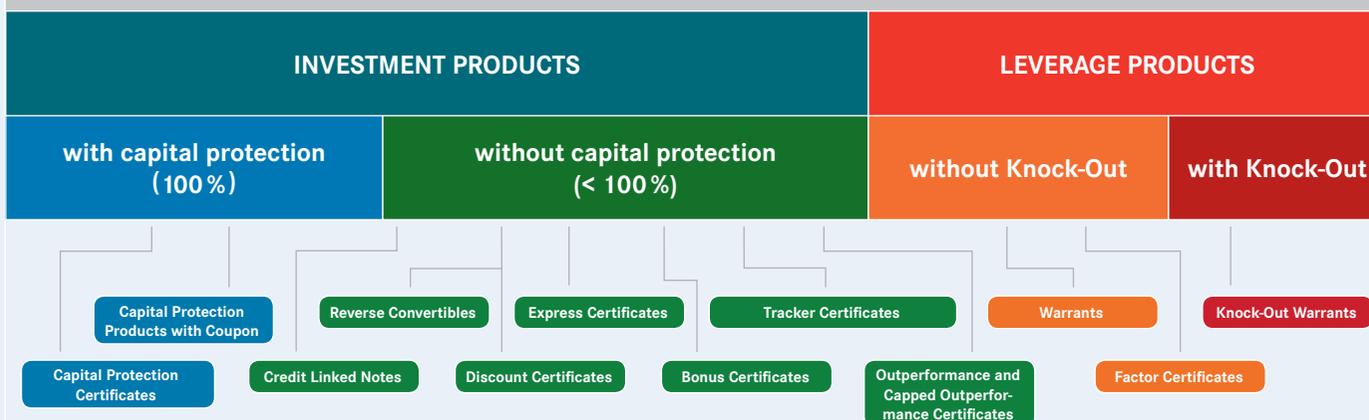
in Derivatives



## German structured securities market turnover at EUR 67.9 billion

Nearly 43 percent of all investment products offer full capital protection

### STRUCTURED SECURITIES



### DDV Classification System

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## June | 2016

- In June, the total volume of the German structured products market stood at EUR 67.9 billion. In particular the negative market environment had an adverse effect.
- The volume of Capital Protection Products went down. Capital Protection Products with Coupon and Uncapped Capital Protection Certificates accounted together for 42.7 percent of the total market volume.
- The market volume of investment products with equities as an underlying rose by 1.1 percent to EUR 17.9 million in June.
- Leverage products with commodities as an underlying gained 19.7 percent to stand at EUR 202.4 million.

## German structured securities market turnover at EUR 67.9 billion

Nearly 43 percent of all investment products offer full capital protection

The outstanding volume of the German structured products decreased in June 2016. Demand for nearly all product categories slowed down in particular as a result of the negative market environment.

Overall, the market volume decreased by 2.0 percent or EUR 1.3 billion compared with the previous month. This trend 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. Extrapolating these figures to all issuers operating on the market puts the **total volume of the German structured products market at EUR 67.9 billion at the end of June 2016.**

Compared with the previous month, the **ratio of investment products to leverage products** shifted in favour of investment products. They made up 97.7 percent of the total market share. Leverage products had a market share of 2.3 percent.

### Investment products by product category

The aggregate volume of **Capital Protection Products** declined in the reporting month. Bucking the trend, the market volume of Capital Protection Products with Coupon showed a slight increase of 0.2 percent on the prior month.

Their volume stood at EUR 17.9 billion, making up 29.3 percent of the investment products market. However, Uncapped Capital Protection Certificates dropped 3.7 percent, taking their volume to EUR 8.2 billion. Their share represented 13.4 percent of the investment products market. A total of 42.7 percent of the market volume was invested in these two product categories in June.

The market volume of **Reverse Convertibles** fell by 7.0 percent to EUR 8.2 billion. This corresponded to a market share of 13.4 percent.

**Express Certificates** lost 0.2 percent and come in at EUR 7.5 billion. Their share of the market was 12.3 percent in June.

Contrary to the overall development, the market volume of **Credit Linked Notes** grew by 0.7 percent to stand at EUR 6.3 billion. They accounted for a share of 10.4 percent of the volume.

**Discount Certificates** decreased by 1.4 percent to EUR 5.5 billion – a share of 8.9 percent.

The market volume for **Tracker Certificates** dropped 3.2 percent to stand at EUR 3.9 billion. Their share of the investment products segment accounted for 6.4 percent.

**Bonus Certificates** suffered losses in June. Their market volume was down to EUR 2.4 billion. This corresponded to a decrease of 1.9 percent on May and a 3.9 percent share of the total market.

**Outperformance and Capped Outperformance Certificates** plummeted 19.9 percent, taking their volume to EUR 76.7 million. However, as they accounted for just 0.1 percent of the total investment products volume, this category had scarcely any impact on the overall trend.

The volume of **other Yield Enhancement Products** fell by 2.0 percent to EUR 1.1 billion. They accounted for a 1.8 percent share of the market volume.

### Leverage products by product category

The market volume of **leverage products** declined by a substantial 8.4 percent to stand at EUR 1.5 billion in June.

The volume invested in **Knock-Out Warrants** dwindled by 5.0 percent in comparison with the previous month, taking it to EUR 572.3 million. The share of Knock-Out Warrants in the leverage products market was 39.2 percent.

**Warrants** recorded a loss of 11.7 percent to come in at EUR 558.5 million. Their market share stood at 38.3 percent. ►►

The volume invested in **Factor Certificates** fell to EUR 328.9 million, a decrease of 8.2 percent on the prior month. This category accounted for 22.5 percent of the leverage products market.

## Investment products by underlying

Despite registering losses, structured products with **interest rates as an underlying** remained the most popular category. Their volume went down by 0.4 percent to EUR 25.2 billion mainly due to the downturn in demand for Uncapped Capital Protection Certificates. This took their share to 41.3 percent.

Investment products with **equities as an underlying** claimed second place. Their volume rose by 1.1 percent, taking it to EUR 17.9 billion. This corresponded to 29.4 percent of the total volume.

Investment products with **equities as an underlying** were the third most popular investment category. Their share of the total volume shrank by 7.1 percent to EUR 16.6 billion. This corresponded to a 27.3 percent share.

Following at a considerable distance behind the other asset classes were investment products with **commodities as an underlying**. Their outstanding volume grew by 1.1 percent to stand at EUR 860.4 million in June. Commodities accounted for a 1.4 percent share of the total volume.

As in the previous month, investment products with **investment funds as an underlying** made up a 0.6 percent share of the market. Their volume came in at EUR 377.1 million.

Investment products with **currencies as an underlying** were fairly insignificant in relation to the general trend with a share of 0.04 percent. The volume invested in them decreased by 8.3 percent to EUR 25.3 million in the month under review.

## Leverage products by underlying

The market volume of leverage products with **equities as an underlying** lost 15.1 percent and amounted to EUR 702.2 million. These instruments made up 48.1 percent of the total leverage products volume.

Leverage products with **indices as an underlying** were less popular. Their market volume shrank by 6.7 percent to EUR 488.1 million. This corresponded to a 33.4 percent share of the total volume.

Lagging some way behind leverage products linked to equities and indices were those with **commodities as an underlying**. Their volume was up a considerable 19.7 percent to come in at EUR 202.4 million. They accounted for a 13.9 percent share of the market volume.

The market volume of leverage products with **currencies as an underlying** dropped 10.6 percent to stand at EUR 47.8 million. This corresponded to a 3.3 percent share of the aggregate volume.

At EUR 19.1 million, the market volume of leverage products with **interest rates as an underlying** was down 4.8 percent in June. Because they accounted for only 1.3 percent of the volume, their impact on the general trend was not significant, however. ■



## Deutscher Derivate Verband (DDV)

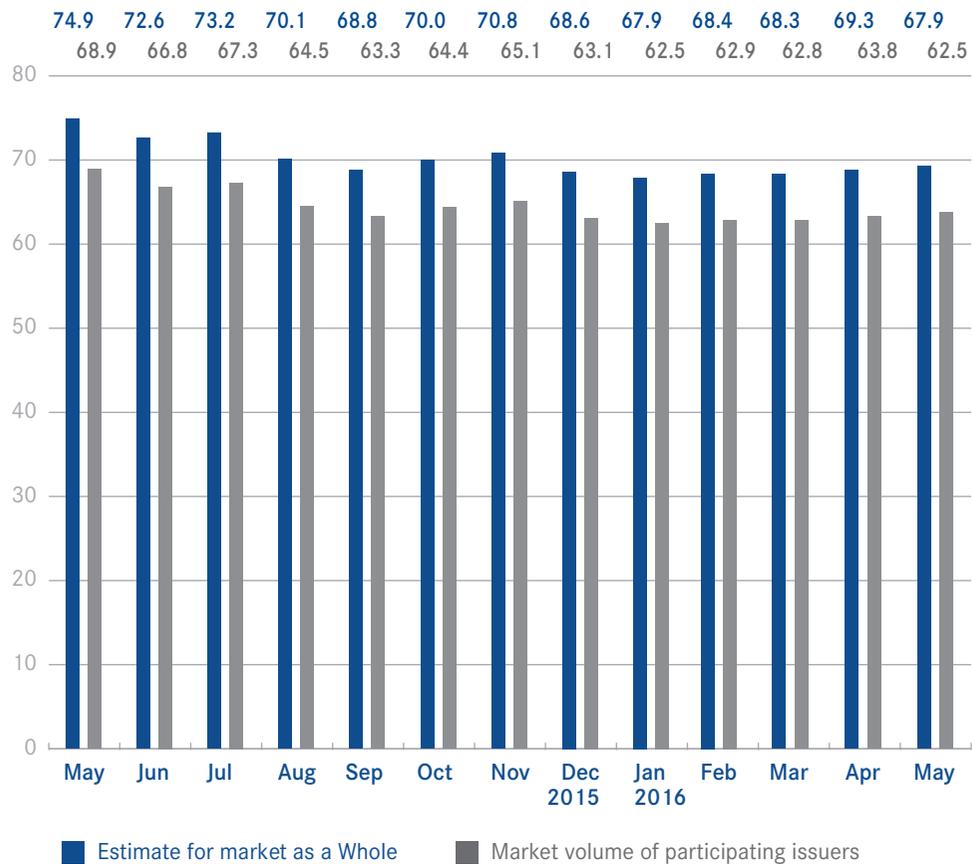
Deutscher Derivate Verband (DDV), the German Derivatives Association, is the industry representative body for the leading issuers of derivatives in Germany: BayernLB, BNP Paribas, Citigroup, Commerzbank, DekaBank, Deutsche Bank, DZ BANK, Goldman Sachs, Helaba, HSBC Trinkaus, HypoVereinsbank, LBBW, Société Générale, UBS and Vontobel. The Association's work is supported by 14 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:  
Alexander Heftrich, Press Secretary  
phone: +49 (69) 244 33 03 - 70  
heftrich@derivateverband.de

[www.derivateverband.de](http://www.derivateverband.de)

## Market volume since June 2015



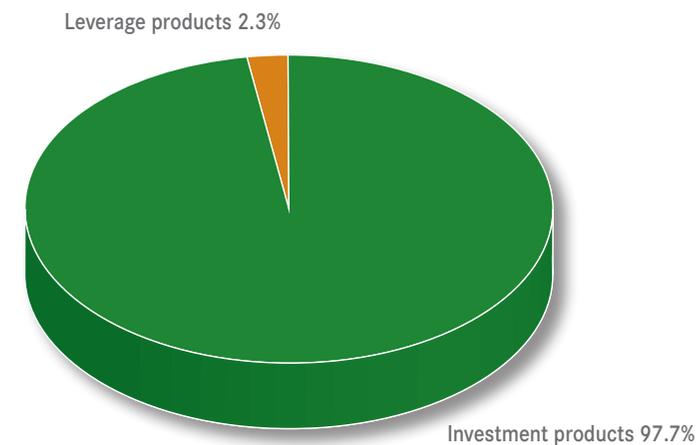
## Product classes

Market volume as at 30 June 2016

Product classes	Market volume	Share
	T€	%
Investment products with capital protection	26,086,435	42.8%
Investment products without capital protection	34,919,415	57.2%
<b>Total Investment products</b>	<b>61,005,850</b>	<b>100.0%</b>
Leverage products without Knock-Out	887,402	60.8%
Leverage products with Knock-Out	572,282	39.2%
<b>Total Leverage products</b>	<b>1,459,684</b>	<b>100.0%</b>
<b>Total Investment products</b>	<b>61,005,850</b>	<b>97.7%</b>
<b>Total Leverage products</b>	<b>1,459,684</b>	<b>2.3%</b>
<b>Total Derivatives</b>	<b>62,465,534</b>	<b>100.0%</b>

### Product classes

Market volume as at 30 June 2016

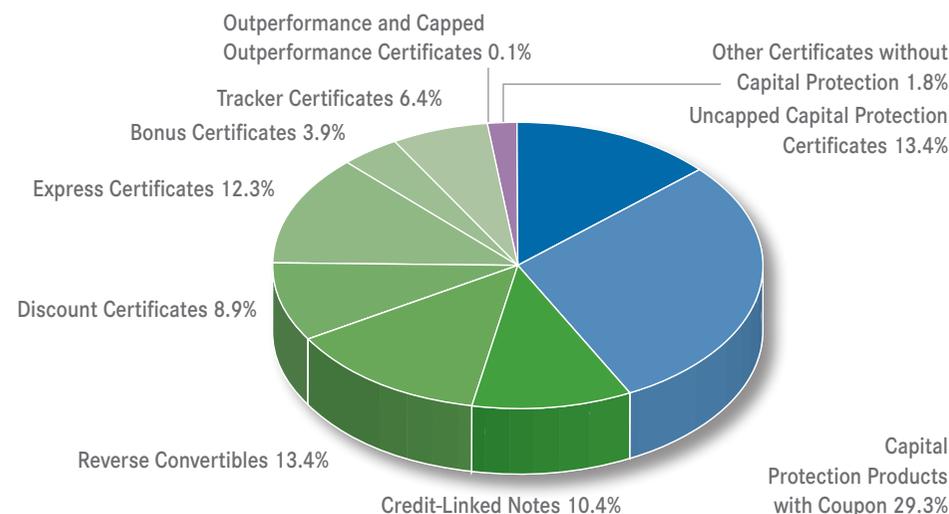


## Market volume by product category as at 30 June 2016

Product categories	Market volume		Market volume price-adjusted		Number of Products	
	T€	in %	T€	in %	#	in %
■ Uncapped Capital Protection Certificates	8,186,308	13.4%	8,195,840	13.3%	2,328	0.4%
■ Capital Protection Products with Coupon	17,900,127	29.3%	17,849,475	28.9%	2,333	0.4%
■ Credit-Linked Notes	6,344,945	10.4%	6,353,802	10.3%	2,377	0.5%
■ Reverse Convertibles	8,202,147	13.4%	8,485,050	13.7%	101,465	19.3%
■ Discount Certificates	5,456,034	8.9%	5,554,120	9.0%	170,154	32.3%
■ Express Certificates	7,492,485	12.3%	7,870,556	12.7%	8,680	1.7%
■ Bonus Certificates	2,389,573	3.9%	2,439,024	3.9%	234,779	44.6%
■ Tracker Certificates	3,880,911	6.4%	3,923,528	6.3%	1,877	0.4%
■ Outperformance and Capped Outperformance Certificates	76,712	0.1%	82,029	0.1%	1,120	0.2%
■ Other Certificates without Capital Protection	1,076,608	1.8%	1,091,445	1.8%	929	0.2%
<b>Investment products total</b>	<b>61,005,850</b>	<b>97.7%</b>	<b>61,844,870</b>	<b>97.2%</b>	<b>526,042</b>	<b>42.1%</b>
■ Warrants	558,491	38.3%	678,627	37.9%	382,621	52.9%
■ Factor Certificates	328,911	22.5%	510,309	28.5%	3,629	0.5%
■ Knock-Out Warrants	572,282	39.2%	603,112	33.7%	337,184	46.6%
<b>Leverage products total</b>	<b>1,459,684</b>	<b>2.3%</b>	<b>1,792,048</b>	<b>2.8%</b>	<b>723,434</b>	<b>57.9%</b>
<b>Total</b>	<b>62,465,534</b>	<b>100.0%</b>	<b>63,636,918</b>	<b>100.0%</b>	<b>1,249,476</b>	<b>100.0%</b>

## Investment products by product category

Market volume as at 30 June 2016

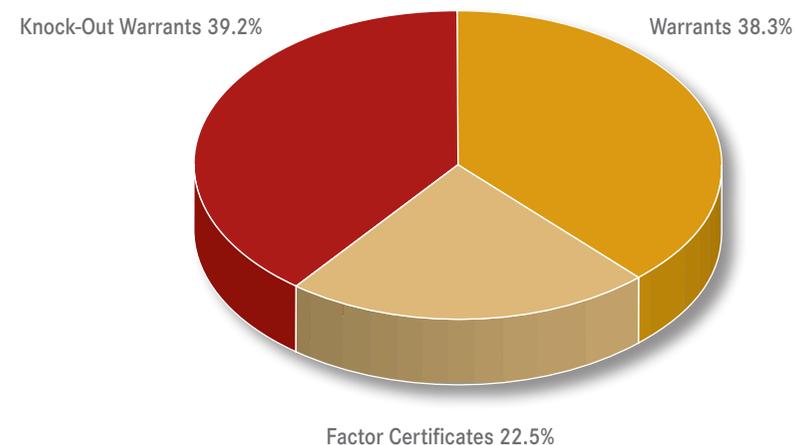


## Change in market volume by product category in comparison with previous month

Product categories	Change		Change price-adjusted		Price effect
	T€	in %	T€	in %	
■ Uncapped Capital Protection Certificates	-315,402	-3.7%	-305,870	-3.6%	-0.1%
■ Capital Protection Products with Coupon	39,184	0.2%	-11,467	-0.1%	0.3%
■ Credit-Linked Notes	43,300	0.7%	52,157	0.8%	-0.1%
■ Reverse Convertibles	-618,173	-7.0%	-335,270	-3.8%	-3.2%
■ Discount Certificates	-80,130	-1.4%	17,956	0.3%	-1.8%
■ Express Certificates	-13,426	-0.2%	364,645	4.9%	-5.0%
■ Bonus Certificates	-47,238	-1.9%	2,214	0.1%	-2.0%
■ Tracker Certificates	-129,552	-3.2%	-86,934	-2.2%	-1.1%
■ Outperformance and Capped Outperformance Certificates	-19,067	-19.9%	-13,749	-14.4%	-5.6%
■ Other Certificates without Capital Protection	-22,283	-2.0%	-7,446	-0.7%	-1.4%
<b>Investment products total</b>	<b>-1,162,786</b>	<b>-1.9%</b>	<b>-323,766</b>	<b>-0.5%</b>	<b>-1.3%</b>
■ Warrants	-73,896	-11.7%	46,240	7.3%	-19.0%
■ Factor Certificates	-29,252	-8.2%	152,146	42.5%	-50.6%
■ Knock-Out Warrants	-30,304	-5.0%	527	0.1%	-5.1%
<b>Leverage products total</b>	<b>-133,452</b>	<b>-8.4%</b>	<b>198,912</b>	<b>12.5%</b>	<b>-20.9%</b>
<b>Total</b>	<b>-1,296,238</b>	<b>-2.0%</b>	<b>-124,854</b>	<b>-0.2%</b>	<b>-1.8%</b>

## Leverage products by product category

Market volume as at 30 June 2016



## Market volume by underlying asset as at 30 June 2016

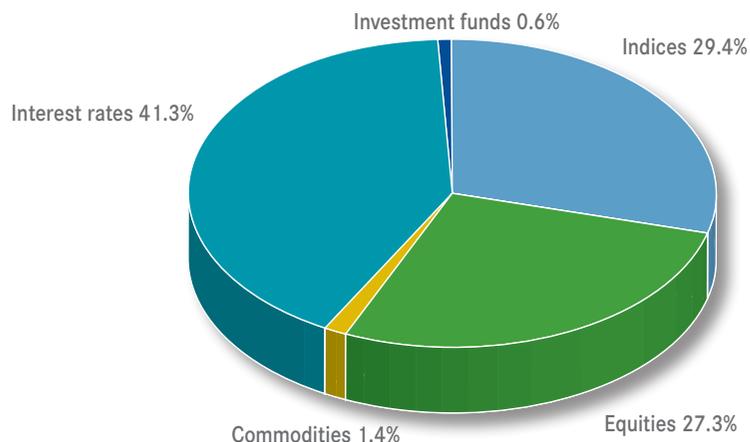
Underlying	Market volume		Market volume price-adjusted*		Number of Products	
	T€	%	T€	%	#	%
<b>Investment products</b>						
Indices	17,922,951	29.4%	18,230,313	29.5%	125,214	23.8%
Equities	16,648,089	27.3%	17,250,835	27.9%	393,286	74.8%
Commodities	860,390	1.4%	830,807	1.3%	2,528	0.5%
Currencies	25,348	0.0%	24,580	0.0%	31	0.0%
Interest rates	25,171,981	41.3%	25,129,154	40.6%	4,873	0.9%
Investment funds	377,090	0.6%	379,180	0.6%	110	0.0%
	<b>61,005,850</b>	<b>97.7%</b>	<b>61,844,870</b>	<b>97.2%</b>	<b>526,042</b>	<b>42.1%</b>
<b>Leverage products</b>						
Indices	488,068	33.4%	694,221	38.7%	181,368	25.1%
Equities	702,211	48.1%	861,292	48.1%	473,241	65.4%
Commodities	202,423	13.9%	165,067	9.2%	36,505	5.0%
Currencies	47,837	3.3%	48,142	2.7%	29,151	4.0%
Interest rates	19,119	1.3%	23,301	1.3%	3,159	0.4%
Investment funds	26	0.0%	26	0.0%	10	0.0%
	<b>1,459,684</b>	<b>2.3%</b>	<b>1,792,048</b>	<b>2.8%</b>	<b>723,434</b>	<b>57.9%</b>
<b>Total</b>	<b>62,465,534</b>	<b>100.0%</b>	<b>63,636,918</b>	<b>100.0%</b>	<b>1,249,476</b>	<b>100.0%</b>

\*Market volume adjusted for price changes = quantity outstanding as at 30 June 2016 x price as at 31 May 2016

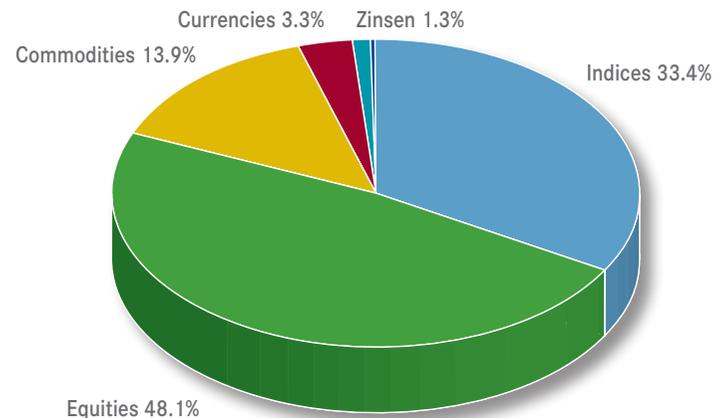
## Veränderung des Marktvolumens nach Basiswerten zum Vormonat

Underlying	Change		Change price-adjusted		Price effect
	T€	%	T€	%	
<b>Investment products</b>					
Indices	196,641	1.1%	504,003	2.8%	-1.7%
Equities	-1,267,553	-7.1%	-664,807	-3.7%	-3.4%
Commodities	8,976	1.1%	-20,607	-2.4%	3.5%
Currencies	-2,296	-8.3%	-3,064	-11.1%	2.8%
Interest rates	-98,770	-0.4%	-141,597	-0.6%	0.2%
Investment funds	216	0.1%	2,306	0.6%	-0.6%
	<b>-1,162,786</b>	<b>-1.9%</b>	<b>-323,766</b>	<b>-0.5%</b>	<b>-1.3%</b>
<b>Leverage products</b>					
Indices	-35,181	-6.7%	170,971	32.7%	-39.4%
Equities	-125,020	-15.1%	34,061	4.1%	-19.2%
Commodities	33,378	19.7%	-3,977	-2.4%	22.1%
Currencies	-5,672	-10.6%	-5,367	-10.0%	-0.6%
Interest rates	-958	-4.8%	3,224	16.1%	-20.8%
Investment funds	0	0.0%	0	0.0%	0.0%
	<b>-133,452</b>	<b>-8.4%</b>	<b>198,912</b>	<b>12.5%</b>	<b>-20.9%</b>
<b>Total</b>	<b>-1,296,238</b>	<b>-2.0%</b>	<b>-124,854</b>	<b>-0.2%</b>	<b>-1.8%</b>

### Investment products by underlying asset Market volume as at 30 June 2016



### Leverage products by underlying asset Market volume as at 30 June 2016



## 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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