

Market Volume

in Derivatives



Structured products market shrinks in November

Clear growth in leverage products

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

Overall, the market volume shrank by 0.8 percent or EUR 0.7 billion 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 82.9 billion at the end of November 2014.**

Compared with the previous month, the **ratio of investment products to leverage products** changed slightly in favour of leverage products. Investment products made up 97.6 percent of the market volume, while leverage products accounted for 2.4 percent.

Investment products by product category

The volume of **investment products offering full capital protection** fell in November. Meanwhile, the market volume relating to Capital Protection Products with Coupon was down 3.2 percent at EUR 33.5 billion. This corresponded to 46.0 percent of the investment products volume. The

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Market volume November | 2014

- In November, the total volume of the German structured products market was EUR 82.9 billion.
- Investment products accounted for 97.6 percent of the market volume, while leverage products made up 2.4 percent.
- The market volume of leverage products rose sharply by 15.1 percent to EUR 1.8 billion in November.
- Despite losing ground, Structured Products offering full capital protection remained the dominant investment category. More than 60 percent of investors' money was invested in Capital Protection Products with Coupon and Uncapped Capital Protection Certificates.

volume for Uncapped Capital Protection Certificates dropped 0.6 percent to EUR 10.7 billion. Their share was 14.7 percent. 60.7 percent of the market volume was invested in these two product categories in November.

Reverse Convertibles charted growth of 1.6 percent in November. At EUR 6.9 billion, they held a 9.5 percent share in the investment products market volume.

Express Certificates experienced a drop, losing 2.7 percent. Their market volume came in at EUR 4.7 billion. Express Certificates stood at 6.4 percent.

Discount Certificates gained 2.3 percent to come in at EUR 4.6 billion. Their volume share stood at 6.3 percent.

Tracker Certificates rose by 1.0 percent to EUR 4.5 billion. They accounted for 6.2 percent of the investment products market.

The market volume for **Credit Linked Notes** grew by 1.9 percent, taking it to EUR 4.4 billion. Their share was 6.0 percent.

Bonus Certificates gained 3.2 percent to come in at EUR 2.6 billion. This was equivalent to 3.6 percent of the investment products volume.

Outperformance and Capped Outperformance Certificates posted the strongest percentage growth in November. Their market volume increased by 9.7 percent, taking it to EUR 103 million. However, as it 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 **investment products without capital protection** shrank by 1.1 percent to EUR 806 million. They accounted for 1.1 percent of the volume.

Leverage products by product category

The market volume of **leverage products** rose by 15.1 percent to EUR 1.8 billion in November. Warrants and Knock-Out Warrants saw the sharpest volume increases.

The volume invested in **Knock-Out Warrants** was up 18.0 percent at EUR 778 million. Their volume share stood at 43.7 percent.

Warrants recorded growth of 17.4 percent and upped their volume to EUR 744 million. Their share of volume within the leverage products segment was 41.8 percent.

The increase in **Factor Certificates** was less marked. Their volume rose by 1.7 percent to EUR 258 million. This category accounted for a 14.5 percent share of the leverage products market.

Investment products by underlying

Structured Products with **interest rates as an underlying** remained the most popular category in November. Their volume contracted by 2.5 percent to EUR 39.2 billion. Despite these losses, they continued to make up over half of the total investment products volume, accounting for 53.9 percent.

With a share of 24.0 percent, investment products with **equities as an underlying** ranked next. Their volume rose by 0.6 percent to EUR 17.5 billion.

Investment products with **indices as an underlying** took third place with a 19.7 percent share. Their market volume climbed by 0.6 percent to EUR 14.4 billion. ▶▶

Following at a considerable distance behind the other classes were investment products with **commodities as an underlying**, which made up 1.2 percent. Their outstanding volume fell by 1.9 percent to EUR 869 million.

At 0.9 percent, the share of investment products with **investment funds as an underlying** was even lower. They lost 2.9 percent in November, taking their market volume to EUR 665 million.

Investment certificates with **currencies as an underlying** had hardly any impact in relation to the general trend with a share of 0.2 percent.

Leverage products by underlying

The market volume of leverage products with **equities as an underlying** climbed sharply, up 20.8 percent. At EUR 890 million, they accounted for precisely half of the leverage products volume.

Leverage products with **indices as an underlying** gained 12.0 percent. Their market volume stood at EUR 666 million or 37.4 percent of the leverage products total.

Lagging some way behind leverage products based on equities and indices were those with **commodities as an underlying**. Their volume fell by 0.8 percent to EUR 114 million. Their share in the total volume of leverage products was 6.4 percent.

Leverage products with **currencies as an underlying** experienced gains of 14.7 percent. With a market volume of EUR 97 million, they made up 5.5 percent of the leverage products market.

The market volume of leverage products with **interest rates as an underlying** decreased by 20.1 percent to EUR 13 million. They accounted for 0.7 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.

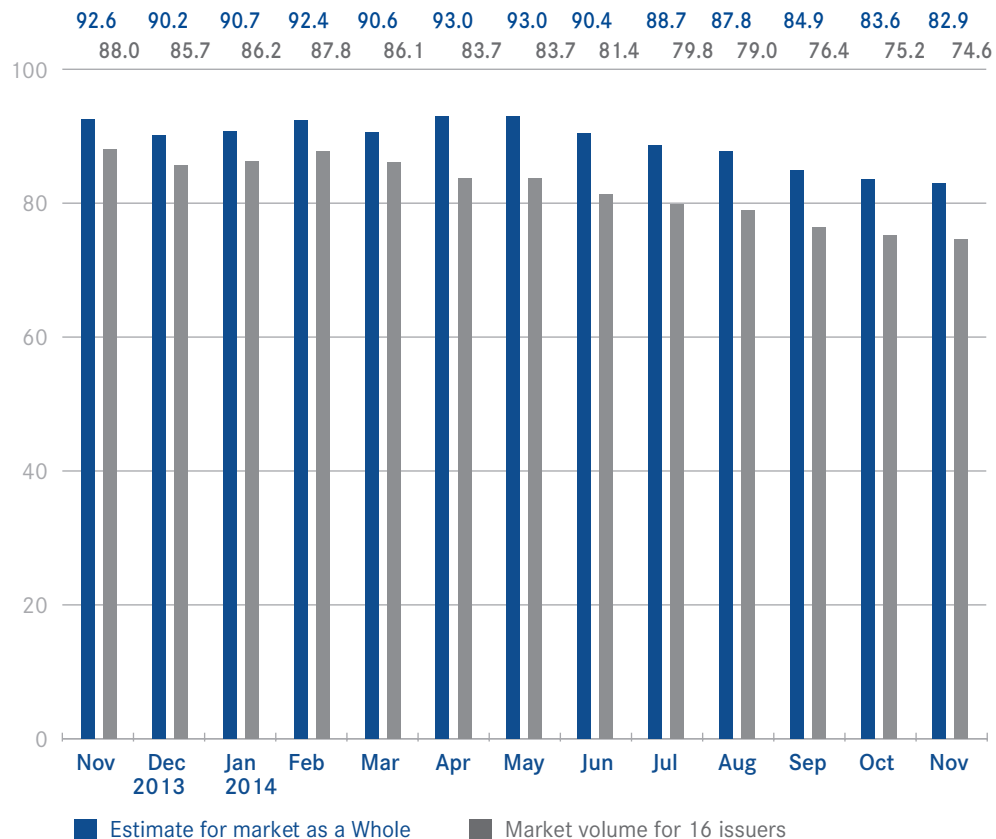
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Market volume since November 2013



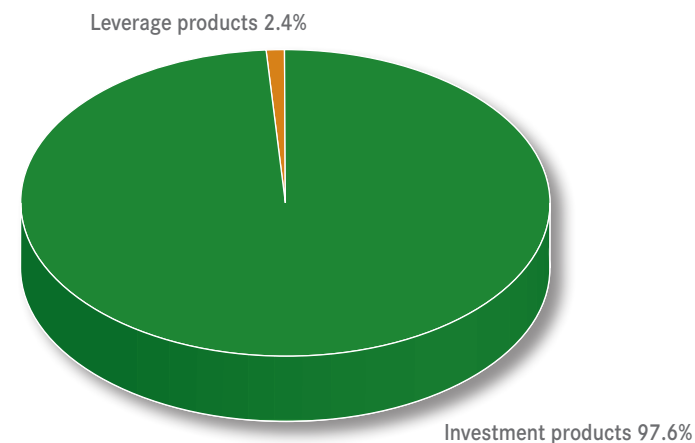
Product classes

Market volume as at 30 November 2014

Product classes	Market volume	Share
	T€	%
Investment products with capital protection	44,236,255	60.8%
Investment products without capital protection	27,743,374	38.2%
Total Investment products	72,785,677	100.0%
Leverage products without Knock-Out	1,001,785	56.3%
Leverage products with Knock-Out	778,341	43.7%
Total Leverage products	1,780,126	100.0%
Total Investment products	72,785,677	97.6%
Total Leverage products	1,780,126	2.4%
Total Derivatives	74,565,803	100.0%

Product classes

Market volume as at 30 November 2014

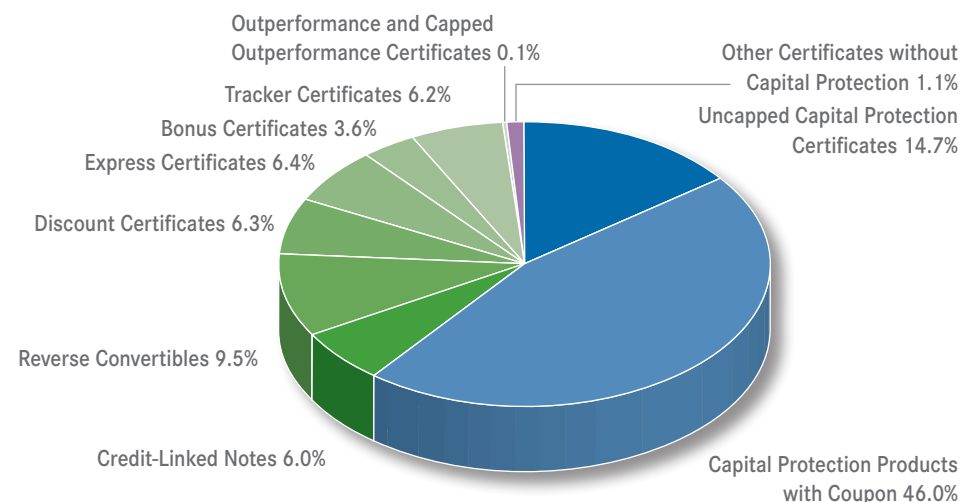


Market volume by product category as at 30 November 2014

Product categories	Market volume		Market volume price-adjusted		Number of Products	
	T€	in %	T€	in %	#	in %
■ Uncapped Capital Protection Certificates	10,730,893	14.7%	10,688,935	14.8%	2,990	0.7%
■ Capital Protection Products with Coupon	33,505,363	46.0%	33,523,274	46.3%	2,241	0.5%
■ Credit-Linked Notes	4,390,514	6.0%	4,372,182	6.0%	1,008	0.2%
■ Reverse Convertibles	6,921,678	9.5%	6,833,026	9.4%	86,246	19.2%
■ Discount Certificates	4,602,345	6.3%	4,527,356	6.3%	156,217	34.8%
■ Express Certificates	4,652,888	6.4%	4,557,728	6.3%	4,583	1.0%
■ Bonus Certificates	2,587,940	3.6%	2,556,104	3.5%	192,202	42.8%
■ Tracker Certificates	4,485,153	6.2%	4,399,658	6.1%	2,315	0.5%
■ Outperformance and Capped Outperformance Certificates	102,856	0.1%	97,501	0.1%	845	0.2%
■ Other Certificates without Capital Protection	806,048	1.1%	797,399	1.1%	437	0.1%
Investment products total	72,785,677	97.6%	72,353,162	97.8%	449,084	41.1%
■ Warrants	744,060	41.8%	666,224	40.1%	350,195	54.5%
■ Factor Certificates	257,724	14.5%	272,084	16.4%	2,198	0.3%
■ Knock-Out Warrants	778,341	43.7%	722,611	43.5%	289,947	45.1%
Leverage products total	1,780,126	2.4%	1,660,919	2.2%	642,340	58.9%
Total	74,565,803	100.0%	74,014,081	100.0%	1,091,424	100.0%

Investment products by product category

Market volume as at 30 November 2014

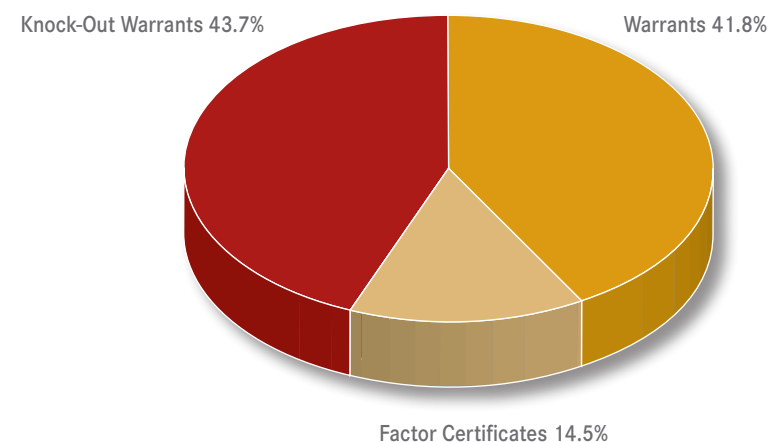


Change in market volume by product category in comparison with previous month

Product categories	Change		Change price-adjusted		Price effect
	T€	in %	T€	in %	in %
■ Uncapped Capital Protection Certificates	-69,573	-0.6%	-111,531	-1.0%	0.4%
■ Capital Protection Products with Coupon	-1,094,844	-3.2%	-1,076,933	-3.1%	-0.1%
■ Credit-Linked Notes	83,013	1.9%	64,682	1.5%	0.4%
■ Reverse Convertibles	111,416	1.6%	22,764	0.3%	1.3%
■ Discount Certificates	103,986	2.3%	28,997	0.6%	1.7%
■ Express Certificates	-129,286	-2.7%	-224,446	-4.7%	2.0%
■ Bonus Certificates	80,362	3.2%	48,526	1.9%	1.3%
■ Tracker Certificates	43,998	1.0%	-41,498	-0.9%	1.9%
■ Outperformance and Capped Outperformance Certificates	9,121	9.7%	3,765	4.0%	5.7%
■ Other Certificates without Capital Protection	-9,101	-1.1%	-17,750	-2.2%	1.1%
Investment products total	-870,908	-1.2%	-1,303,424	-1.8%	0.6%
■ Warrants	110,316	17.4%	32,480	5.1%	12.3%
■ Factor Certificates	4,271	1.7%	18,630	7.4%	-5.7%
■ Knock-Out Warrants	118,453	18.0%	62,722	9.5%	8.4%
Leverage products total	233,039	15.1%	113,833	7.4%	7.7%
Total	-637,869	-0.8%	-1,189,591	-1.6%	0.7%

Leverage products by product category

Market volume as at 30 November 2014



Market volume by underlying asset as at 30 November 2014

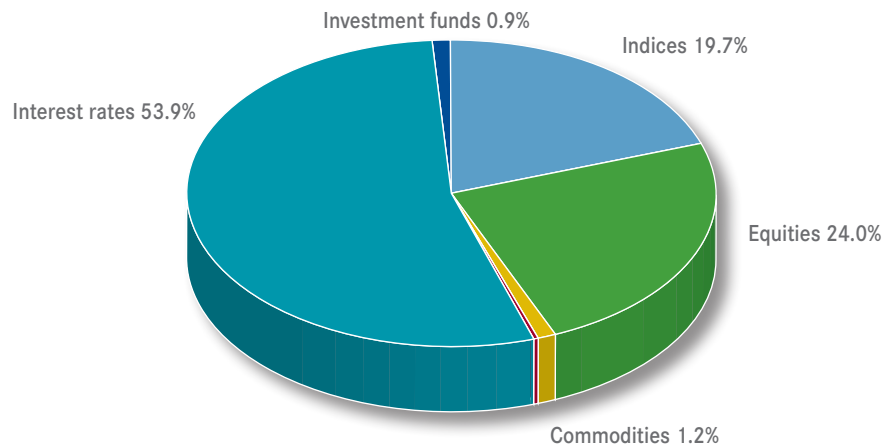
Underlying	Market volume		Market volume price-adjusted*		Number of Products	
	T€	%	T€	%	#	%
Investment products						
Indices	14,372,110	19.7%	14,189,442	19.6%	110,395	24.6%
Equities	17,488,081	24.0%	17,208,585	23.8%	332,983	74.1%
Commodities	868,853	1.2%	904,888	1.3%	2,093	0.5%
Currencies	163,689	0.2%	163,855	0.2%	64	0.0%
Interest rates	39,227,649	53.9%	39,227,749	54.2%	3,438	0.8%
Investment funds	665,295	0.9%	658,642	0.9%	111	0.0%
	72,785,677	97.6%	72,353,162	97.8%	449,084	41.1%
Leverage products						
Indices	666,493	37.4%	682,436	41.1%	165,020	25.7%
Equities	889,528	50.0%	743,331	44.8%	416,455	64.8%
Commodities	113,810	6.4%	130,386	7.9%	29,062	4.5%
Currencies	97,358	5.5%	88,421	5.3%	29,114	4.5%
Interest rates	12,881	0.7%	16,290	1.0%	2,672	0.4%
Investment funds	55	0.0%	55	0.0%	17	0.0%
	1,780,126	2.4%	1,660,919	2.2%	642,340	58.9%
Total	74,565,803	100.0%	74,014,081	100.0%	1,091,424	100.0%

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

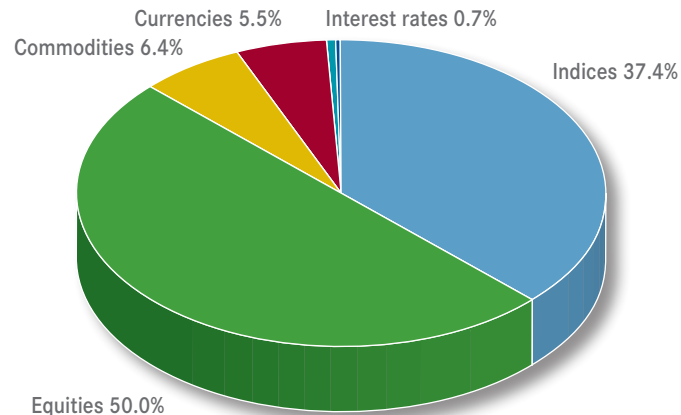
Change in the market volume by underlying asset in comparison with previous month

Underlying	Change		Change price-adjusted		Price effect
	T€	%	T€	%	
Investment products					
Indices	81,420	0.6%	-101,248	-0.7%	1.3%
Equities	106,248	0.6%	-173,248	-1.0%	1.6%
Commodities	-16,809	-1.9%	19,227	2.2%	-4.1%
Currencies	-4,848	-2.9%	-4,682	-2.8%	-0.1%
Interest rates	-1,017,207	-2.5%	-1,017,108	-2.5%	0.0%
Investment funds	-19,712	-2.9%	-26,365	-3.8%	1.0%
	-870,908	-1.2%	-1,303,424	-1.8%	0.6%
Leverage products					
Indices	71,481	12.0%	87,423	14.7%	-2.7%
Equities	153,325	20.8%	7,128	1.0%	19.9%
Commodities	-970	-0.8%	15,606	13.6%	-14.4%
Currencies	12,477	14.7%	3,540	4.2%	10.5%
Interest rates	-3,250	-20.1%	160	1.0%	-21.1%
Investment funds	-24	-30.6%	-24	-30.6%	0.0%
	233,039	15.1%	113,833	7.4%	7.7%
Total	-637,869	-0.8%	-1,189,591	-1.6%	0.7%

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



Leverage products by underlying asset Market volume as at 30 November 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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