

# Market Volume

in Derivatives



## Certificates market stable in March

Investors show strong desire for security

According to the latest figures collected each month from 16 banks by the European Derivatives Group (EDG) on behalf of Deutscher Derivate Verband (DDV), the German Derivatives Association, the volume of the German certificates market fell by 0.1 percent, or € 110 million, in March. The slight fall is attributable to the fact that many products matured at the end of the quarter, and private investors generally delay their reinvestment of the funds released. Open interest was down by 0.1 percent, or € 136 million, even after adjustment for the rise in prices.

When the figures collected by EDG are extrapolated to all issuers, **the total volume of the German certificates market at the end of March was € 101.7 billion**, only slightly lower than in February.

There was no change in the **ratio of investment certificates to leverage products**. Investment products accounted for 98.7 percent of the market volume, while leverage products accounted for 1.3 percent.

### Investment products by product category

The volume of **investment products** overall fell by 0.1 percent, or € 110 million. On average, prices rose by 0.2 percent. After adjustment for the rise in prices, the decline was 0.3 percent, or € 277 million.

Investment products offering full capital protection were particularly popular with investors in March. This category accounted for more than two-thirds of the total invest- ▶▶

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## Market Volume March | 2012

- The market volume of investment certificates and leverage products was € 101.7 billion in March, more or less unchanged in comparison with February.
- With a market share of 1.3 percent, leverage products continued to have a very limited impact on market volume, whereas investment certificates accounted for 98.7 percent of the volume.
- Investors continued to opt strongly for security in March. At more than 68.2 percent, investment certificates with full capital protection accounted for more than two-thirds of the market volume.
- Interest rates were the dominant underlying, for investment products with a share of 54.3 percent, followed by indices at 22.5 percent. Index-based leverage products drew level with equity-based leverage products, with each accounting for 38.9 percent of the total volume.

ment volume, at 68.2 percent. **Capital Protection Products with Coupon** remain the dominant product category among the investment products, with a market share of 49.1 percent. The market volume of Capital Protection Products with Coupon rose by 0.3 percent, or € 148 million. The market volume of **Uncapped Capital Protection Certificates** fell by 1.2 percent, or € 209 million, as a result of some larger product issues maturing, with a remaining market share of 19.1 percent.

In absolute terms, **Reverse Convertibles** recorded the strongest growth in market volume, at 6.4 percent, or € 261 million. As a result of the significant growth, the share of Reverse Convertibles in the total volume rose to 4.8 percent.

In the **Discount Certificates** product category, market volume was down by 4.6 percent, or € 270 million. The number of products maturing was particularly large in this segment. Discount Certificates continue to be the second most popular product category among securities without full capital protection, accounting for 6.2 percent of the total volume.

The largest category of products without full capital protection was **Express Certificates**, which lost 2.2 percent, or € 136 million. Express Certificates constituted 6.6 percent of investment products.

There was a slight rise in the volume of **Bonus Certificates** outstanding in March. The volume rose by 0.4 percent, or € 13 million. The share of Bonus Certificates in the overall volume of investment products was 3.5 percent.

The market volume of **Tracker Certificates** fell by 2.7 percent, or € 133 million. They accounted for 5.3 percent of the total volume.

The volume of **Outperformance and Capped Outperformance Certificates** outstanding grew by 10.9 percent, or € 11 million, making this the category with the strongest growth. However, owing to the category's small share of 0.1 percent in the total volume of investment products, this did not have any significant impact on the overall trend.

## Leverage products by product category

In contrast to the investment products, open interest in **leverage products** rose by 1.6 percent, or € 19 million. The prices of leverage products fell by 10 percent on average during the month, so the growth in leverage products after adjustment for price falls was € 141 million.

Investor demand for **Warrants** fell in March by 4.6 percent, or € 31 million. However, as they account for 52.2 percent of the total volume, they continued to be the more popular category of leverage product.

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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On the other hand, open interest in **Knock-Out Warrants** rose by 9.3 percent, or € 50 million. Their market share increased correspondingly by more than 3 percentage points, to 47.8 percent of the total volume.

## Investment products by underlying

There was an increase of 0.6 percent, or € 285 million, in investment products with **interest rates as an underlying**. With a share of 54.3 percent in the open interest in investment products, interest rates were again by far the most popular underlying. Price increases of 0.3 percent contributed to the increase, so that the growth after adjustment for price increases was 0.3 percent, or € 160 million.

Investment products with **indices as an underlying** fell by 2.3 percent, or € 477 million. The share of products with indices as an underlying amounted to 22.5 percent.

Investment certificates with **equities as an underlying** rose by 0.7 percent, or € 129 million, in March. These products accounted for 20.4 percent of the total open interest in investment securities.

The open interest in investment certificates with **commodities as an underlying** rose by 5.1 percent, or € 68 million. Their share in the total volume was 1.6 percent.

The outstanding volume of investment certificates with **investment funds as an underlying** fell by 9.7 percent, or € 116 million. Their share of the market volume was 1.2 percent.

The market share of investment products with **currencies as an underlying** rose by 2.9 percent, or € 1 million, in March. However, the share remained extremely small.

## Leverage products by underlying

Leverage products with **indices as an underlying** drew level with those based on equities. The volume rose by 4.4 percent, or € 20 million, and the share of these products in the total volume of leverage products was increased to 38.9 percent.

The market volume of leverage products with **equities as an underlying** suffered a decline of 0.5 percent, or € 2 million,

in March. These products also had a market share of 38.9 percent.

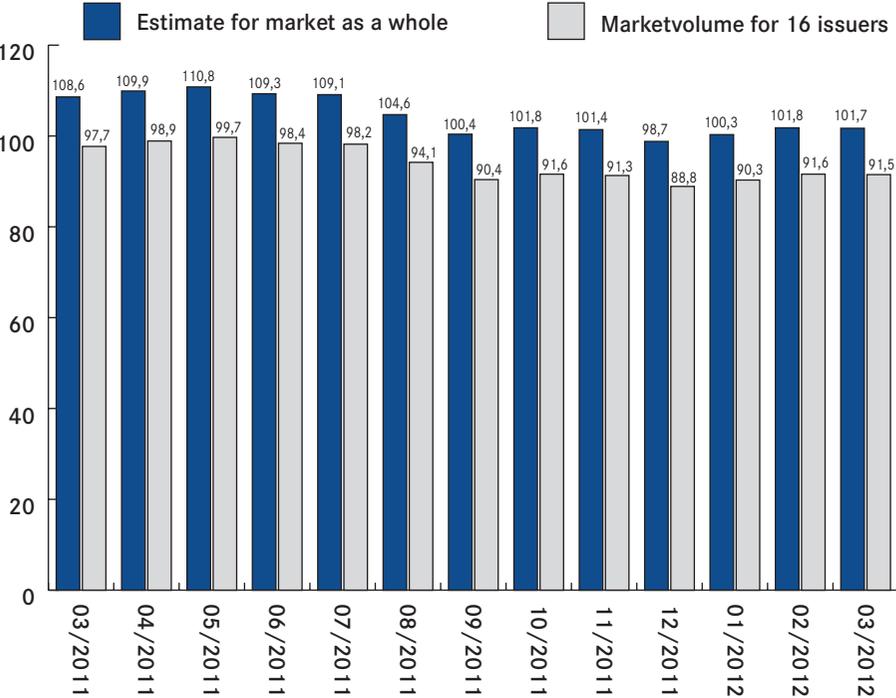
Leverage products with **commodities as an underlying** grew by 4.3 percent, or € 9 million. They accounted for 16.8 percent of the total volume.

With a market share of 3.3 percent, leverage products with **currencies as an underlying** lagged behind the other leverage products. Open interest in this investment class rose by 4.5 percent, or € 2 million.

The market volume of leverage products with **interest rates as an underlying** fell in March. The open interest fell by 25.2 percent, or € 8 million. The market share was 2.0 percent.

Open interest in leverage products with **investment funds as an underlying** fell by 15.4 percent, or € 36,000. With a market share of 0.02 percent, this remained the smallest category. ■

Market volume since March 2011



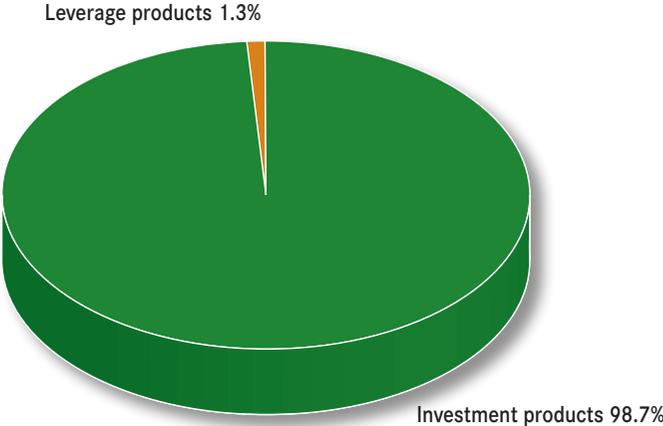
Product classes

Market volume as at 31 March 2012

Product classes	Market volume	Share
	T€	%
Investment products	90,293,570	98.7%
Leverage products	1,229,626	1.3%
<b>Total Derivatives</b>	<b>91,523,196</b>	<b>100.0%</b>

Product classes

Market volume as at 31 March 2012

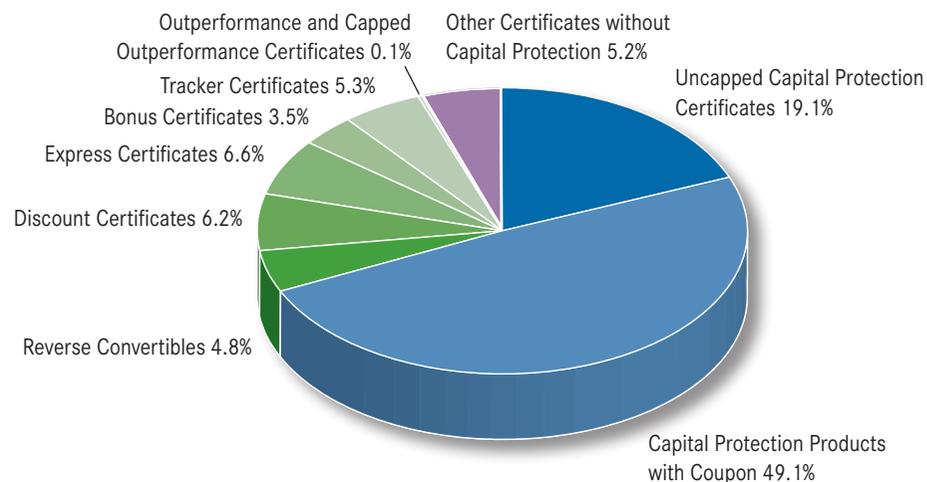


Market volume by product category as at 31 March 2012

Category	Market volume	Share
	T€	%
Uncapped Capital Protection Certificates	17,212,713	19.1%
Capital Protection Products with Coupon	44,365,277	49.1%
Reverse Convertibles	4,359,918	4.8%
Discount Certificates	5,599,640	6.2%
Express Certificates	5,926,494	6.6%
Bonus Certificates	3,186,934	3.5%
Tracker Certificates	4,801,363	5.3%
Outperformance and Capped Outperformance Certificates	111,836	0.1%
Other Certificates without Capital Protection	4,729,395	5.2%
Investment products total	90,293,570	98.7%
Warrants	641,378	52.2%
Knock-Out Warrants	588,248	47.8%
Leverage products total	1,229,626	1.3%
<b>Total</b>	<b>91,523,196</b>	<b>100.0%</b>

Investment products by product category

Market volume as at 31 March 2012

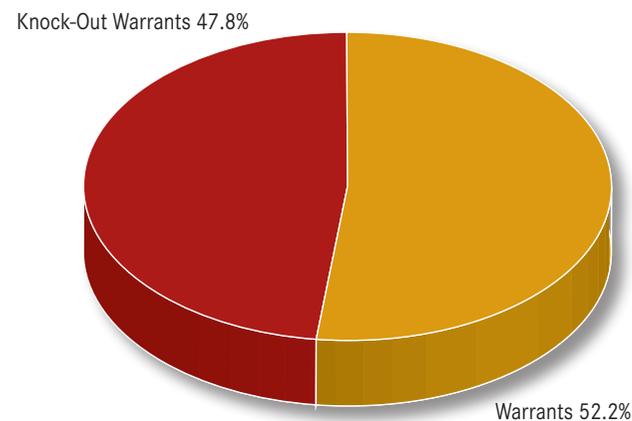


Change in market volume by product category as at 31 March 2012

Category	Market volume	Share
	T€	%
Uncapped Capital Protection Certificates	-209,160	-1.2%
Capital Protection Products with Coupon	148,139	0.3%
Reverse Convertibles	261,185	6.4%
Discount Certificates	-269,974	-4.6%
Express Certificates	-135,529	-2.2%
Bonus Certificates	13,160	0.4%
Tracker Certificates	-133,470	-2.7%
Outperformance and Capped Outperformance Certificates	10,985	10.9%
Other Certificates without Capital Protection	204,711	4.5%
Investment products total	-109,952	-0.1%
Warrants	-30,751	-4.6%
Knock-Out Warrants	50,150	9.3%
Leverage products total	19,400	1.6%
<b>Total</b>	<b>-90,552</b>	<b>-0.1%</b>

Leverage products by product category

Market volume as at 31 March 2012



## Market volume by underlying asset as at 31 March 2012

Underlying	Market volume		Market volume adjusted for price changes*		Number	
	T€	%	T€	%	#	%
<b>Investment products</b>						
Indices	20,360,082	22.5%	20,369,265	22.6%	83,675	26.5%
Equities	18,396,649	20.4%	18,331,764	20.3%	226,837	71.8%
Commodities	1,403,857	1.6%	1,428,045	1.6%	2,789	0.9%
Currencies	42,848	0.0%	43,020	0.0%	36	0.0%
Interest rates	49,009,467	54.3%	48,884,106	54.2%	2,623	0.8%
Investment funds	1,080,668	1.2%	1,070,359	1.2%	126	0.0%
<b>Investment products total</b>	<b>90,293,570</b>	<b>98.7%</b>	<b>90,126,561</b>	<b>98.5%</b>	<b>316,086</b>	<b>47.9%</b>
<b>Leverage products</b>						
Indices	478,728	38.9%	511,336	37.9%	87,323	25.4%
Equities	478,920	38.9%	504,776	37.4%	201,198	58.5%
Commodities	206,179	16.8%	262,791	19.5%	26,149	7.6%
Currencies	40,775	3.3%	43,094	3.2%	27,615	8.0%
Interest rates	24,825	2.0%	28,619	2.1%	1,699	0.5%
Investment funds	200	0.0%	246	0.0%	60	0.0%
<b>Leverage products total</b>	<b>1,229,626</b>	<b>1.3%</b>	<b>1,350,862</b>	<b>1.5%</b>	<b>344,044</b>	<b>52.1%</b>
<b>Total</b>	<b>91,523,196</b>	<b>100.0%</b>	<b>91,477,423</b>	<b>100.0%</b>	<b>660,130</b>	<b>100.0%</b>

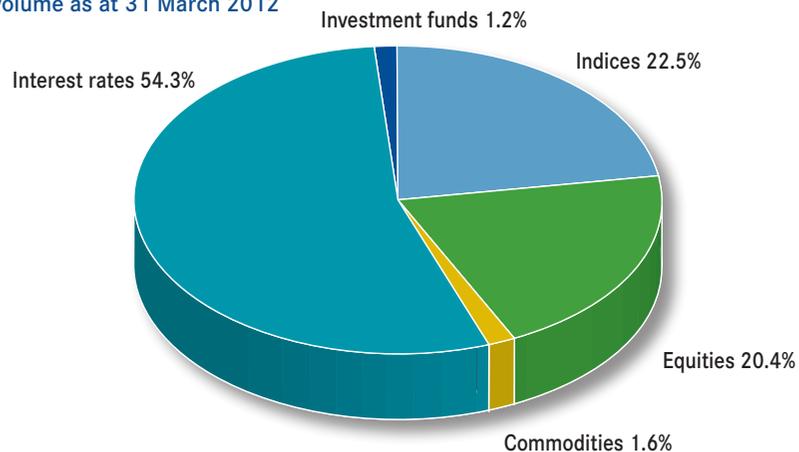
\*Market volume adjusted for price changes = quantity outstanding as at 31 March 2012 x price as at 29 February 2012

## Change in the market volume by underlying asset as at 31 March 2012

Underlying	Change compared with previous month		Change compared with previous month adjusted for price changes		Price effect
	T€	%	T€	%	%
<b>Investment products</b>					
Indices	286,317	1.4%	-92,169	-0.4%	1.8%
Equities	517,885	2.9%	199,512	1.1%	1.8%
Commodities	3,118	0.2%	-21,714	-1.6%	1.9%
Currencies	-3,460	-7.7%	-3,494	-7.7%	0.1%
Interest rates	433,235	0.9%	21,048	0.0%	0.9%
Investment funds	6,537	0.5%	-3,389	-0.3%	0.8%
<b>Investment products total</b>	<b>1,243,632</b>	<b>1.4%</b>	<b>99,794</b>	<b>0.1%</b>	<b>1.3%</b>
<b>Leverage products</b>					
Indices	40,915	9.8%	72,767	17.4%	-7.6%
Equities	65,736	15.8%	38,800	9.3%	6.5%
Commodities	-50,553	-20.4%	-52,095	-21.0%	0.6%
Currencies	-11,223	-22.3%	-11,623	-23.1%	0.8%
Interest rates	6,813	25.8%	9,158	34.7%	-8.9%
Investment funds	-1,034	-81.4%	-1,050	-82.7%	1.3%
<b>Leverage products total</b>	<b>50,654</b>	<b>4.4%</b>	<b>55,957</b>	<b>4.8%</b>	<b>-0.5%</b>
<b>Total</b>	<b>1,294,287</b>	<b>1.4%</b>	<b>155,751</b>	<b>0.2%</b>	<b>1.3%</b>

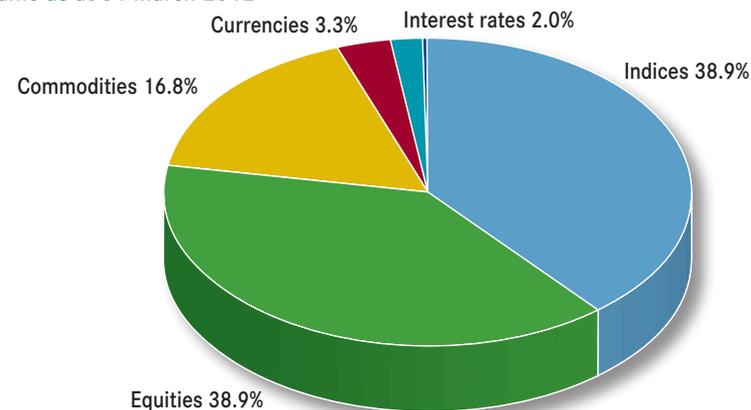
## Investment products by underlying asset

Market volume as at 31 March 2012



## Leverage products by underlying asset

Market volume as at 31 March 2012



## 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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