



TRANSPARENCY  
SAFETY  
TRUST

Annual Report 2009

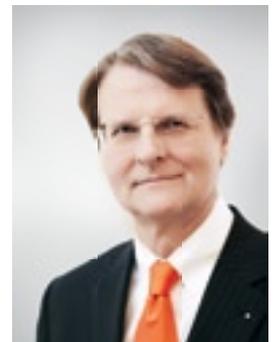


# Lots of achievements – still a lot to do: looking back on DDV’s two-year history

On 14 February 2010 our Association turned two years old. In truth, we would have preferred a calmer start-up phase: the financial markets crisis and the resulting uncertainty amongst investors, the extraordinarily high level of media attention, political discussions about new rules for financial markets, about investor protection and transparency of products... all this leaves no doubt just how necessary and justified it

For more information on the initiatives we put in place for this purpose during 2009, please refer to page 10.

→ DDV is a contact for political decision-makers in Berlin and Brussels alike. Leveraging the comprehensive market knowledge and expert know-how of our members, we can support political actors in all matters concerning our



Dr Hartmut Knüppel

## “THE MOST IMPORTANT TASKS OF OUR ASSOCIATION REMAIN A TOPIC IN 2010.”

was to establish Deutscher Derivate Verband (“DDV”) – the German Derivatives Association. The crisis did not spare the certificates industry – in fact, it was hit with full force. The topics and initiatives covered by DDV have thus been very much in focus. Or, as an industry observer put it quite fittingly: “If DDV didn’t exist yet, it would have to be invented now.”

Our Association’s key tasks remain just as relevant throughout 2010:

→ With a view to protecting investors, DDV works towards improving the understanding and transparency of derivative products, and on enhancing investors’ knowledge by way of continuous information and education. From our perspective, all this is an essential prerequisite to regaining investors’ long-term trust.

industry. In this way, we contribute to shaping political opinion. More background information on our specific initiatives during 2009 is provided on page 26.

We are delighted about the huge interest that the media, political decision-makers and the many private investors convey in our topics. At the same time, we would like to thank our members and sponsors for actively supporting us. And we are quite certain that 2010 will turn out to be an eventful year for the certificates industry and all parties involved: investors, issuers – and of course DDV itself.

Berlin / Frankfurt, February 2010

A handwritten signature in blue ink that reads "Hartmut Knüppel".

Dr Hartmut Knüppel  
CEO and Member of the  
Board of Directors

A handwritten signature in blue ink that reads "Lars Brandau".

Lars Brandau  
Managing Director



Lars Brandau

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**The media are an important partner for disseminating a message to as many people as possible.**

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# A decent recovery: 2009 shows significant growth

The certificates industry performed positively during the year under review: the market recovered well, showing strong growth that came as a surprise to some market observers.

At the outset, it was not at all obvious that 2009 would turn out to be such a good year for the certificates market. At the beginning of the year, total outstanding volumes amounted to a mere € 80 billion. Strong growth emerged from March onwards, and by the end of September, the € 100 billion mark had been surpassed – an increase of about 25 per cent. Market data confirms that investor interest in certificates remains intact.

## Certificates are in high demand

DDV's CEO and Member of the Board of Directors Hartmut Knüppel is convinced: "Certificates have been, and will continue to be, very attractive investment products, as they offer decisive benefits." He explains that these instruments enable private investors in particular to invest in virtually all markets – with a reasonable budget. Knüppel adds: "Every investor can choose the instruments that precisely fit his or her personal risk appetite and market view."

As with every product, to deal with certificates sensibly requires that the buyer understands how to use them, and for which purpose. A lot of information is still required in this respect – this is one of DDV's key tasks, for which it launched a whole range of initiatives during 2009 (more details are provided from page 10 onwards). DDV's declared goal is to provide as much transparency as possible, for the market as a whole as well as for single product offers. Knüppel is certain that providing understanding and transparency are the best guarantors in terms of an effective investor protection. Time and again, the Association is required to amend the distorted picture of 'gambler's papers' loved by the media – rather than to inform (allegedly) immature consumers. A quick glance at the retail market clearly shows that the vast majority of private investors handle certificates in a completely different – and much more risk-aware – manner than some newspaper readings might suggest: products with full capital protection accounted for more than two thirds of the total investment volume by the end of 2009.

Two out of three private investors focus on safety, buying certificates offering 100 per cent capital protection.



### Above all, private investors focus on one aspect: safety

Hence, safety is the predominant motivation for private investors. This is supported by statistics: no more than one per cent of all derivatives traded in the retail business segment were so-called leveraged products, whereas 99 per cent were investment products. Lars Brandau, Managing Director of DDV, sees this as a clear market signal: “The vast majority of private investors are not looking for a speculative thrill. Quite the opposite: they want safety. And certificate issuers offer them customised products to achieve this.” Experts and opinion polls agree that this state of affairs will persist throughout 2010.

### A detailed look at the various product classes:

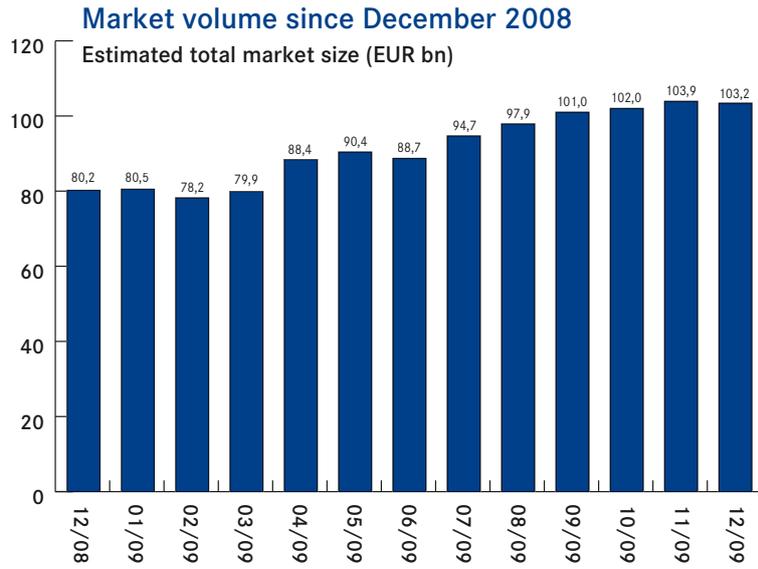
“Better than expected” would be an appropriate caption for the review of the past year. Despite all prophecies of doom, following its low in Feb-

ruary 2009 the market volume of the German certificates market developed very positively.

Demand for **certificates with uncapped capital protection** remained high throughout the year: at the end of December, more than two-thirds (67.6 per cent) of open interest in investment products was invested in this category, up from 55.6 per cent in January.

**Express certificates** were the second largest category following capital protected certificates; they experienced a year full of ups and downs, with 10.0 per cent of aggregate investment product volume invested at the end of December.

The same applied to **discount certificates**; their volume share amounted to 6.2 per cent at the end of the year. Even though discount certificates constituted the third-largest product category within the investment certificates universe, their market volume showed several declines during the course of the year.



The share of **bonus and partial protection certificates** declined considerably during 2009: with a 5.8 per cent market share at the end of December, this category took fourth place as per the previous months.

In contrast, the market volume of **reverse convertibles** showed double-digit growth over long periods during 2009. Although one of the smallest categories, reverse convertibles increased their share in the overall volume of investment certificates to 2.6 per cent, slightly ahead of **hedge fund certificates**, which accounted for 1.8 per cent.

In terms of underlying instruments, **certificates based on equities** remained the dominant asset class. Despite volatile equity markets, their share in the total investment certificate universe amounted to over 50 per cent throughout the year.

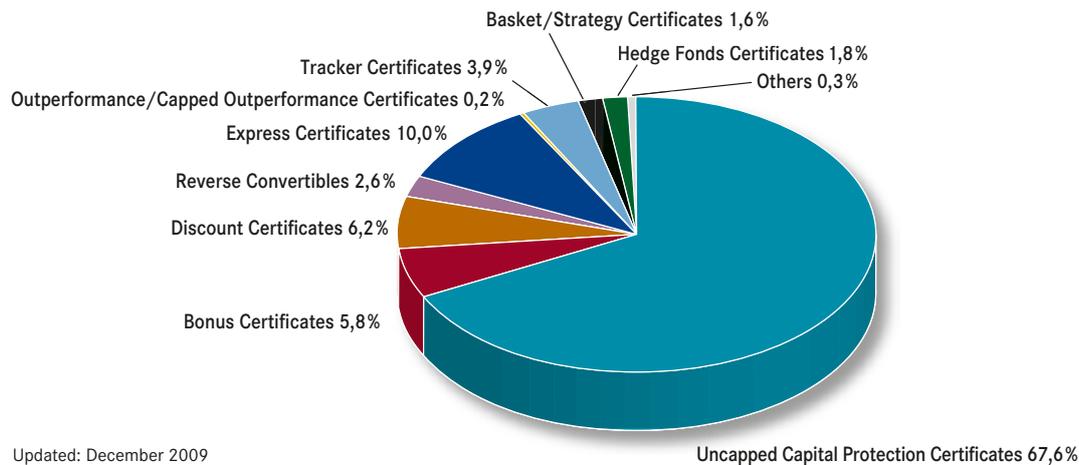
**Investment products with bonds as underlying instrument** showed month-on-month gains

during 2009, reflecting investors' preference for security. The market share rose from 24 per cent of aggregate investment volume in January to 42 per cent by the end of the year. Hence, bonds as underlying made up the second-largest category of investment products.

Commodity markets saw several phases of positive performance during 2009; accordingly, **investment certificates on currencies and commodities** showed considerable gains at times. Because of their small share in total open interest (less than two per cent) however, their influence on overall developments was minimal.

In **leveraged products, equities as underlying** dominated in 2009: with a share of 78.0 per cent, they were by far the largest asset class in December, just as throughout the year. **Leveraged products based on currencies and commodities** followed in second place, accounting for a 21.3 per cent in the total volume of leveraged products during December.

## Retail Investment Products by category



## WHAT ARE CERTIFICATES?

- Certificates are securities that allow the holder to participate in the performance of the certificate's underlying instrument.
- From a legal perspective, certificates are bearer bonds issued by banks and other issuers.
- Certificates are issued with a limited lifetime, or as perpetual securities.
- In Germany, roughly 350,000 investment products and leveraged products were listed on the Stuttgart (EUWAX) and Frankfurt (Scoach) Stock Exchanges at the end of 2009. However, trading activity takes place predominantly off-exchange, in the over-the-counter (OTC) market.
- The current value of a certificate can be calculated at any time.



## WHY INVEST IN CERTIFICATES?

- Certificates offer exposure to virtually all markets – especially for private investors.
- The vast selection of certificates allows investors to choose a product that fits their personal risk appetite and market view.
- Certificates offer a defined performance potential, as investors know the exact payout profile – the payout amount, and the conditions applicable – when buying the product.
- Certificates are available with full or partial capital protection. Using certificates, investors can profit from the capital market, regardless of whether the prices rise or fall, or remain unchanged.
- Certificates are not only suitable for 'fair weather' periods: even during the crisis, certificates performed better than many other financial products.



# Projects 2009: DDV is building bridges

Everything that moved investors and issuers throughout 2009 moved DDV, too. By offering clarification, and through active public relations work, the Association solicited policy-makers, journalists and investors, building trust. Additionally, new project initiatives – such as the Derivatives League, or the certificates savings plan calculator – enhanced transparency and investor protection.

↳ In the midst of 2009's turbulence, the media confused numerous issues in their coverage. At times, all derivatives were measured by the same yardstick – and dismissed out of hand as 'fire accelerators'. The fact that there is no relationship between the infamous credit derivatives and the certificates private investors hold in their securities accounts was rarely made clear. Indeed, certificates have by no means triggered the crisis: instead, they were affected by it, as were nearly all other asset

classes. By contrast, DDV concentrated on providing differentiated information right from the start, on clarifying the issues, and on ensuring that the discussion was objective. Once the general excitement calmed down again and there was room for a substantial assessment, such efforts gained an increasing audience. With a view to transparency and investor protection, the Association's main concern is always to raise awareness of possible risks, as opposed to focusing on opportunities alone.

**Objective information, sound advice, and transparent products are the prerequisites for investor protection and trust.**



## Initiatives to enhance transparency and investor protection

In 2009 the Association launched or expanded the following projects:

### 1 INVESTOR-ORIENTED COMMUNICATIONS

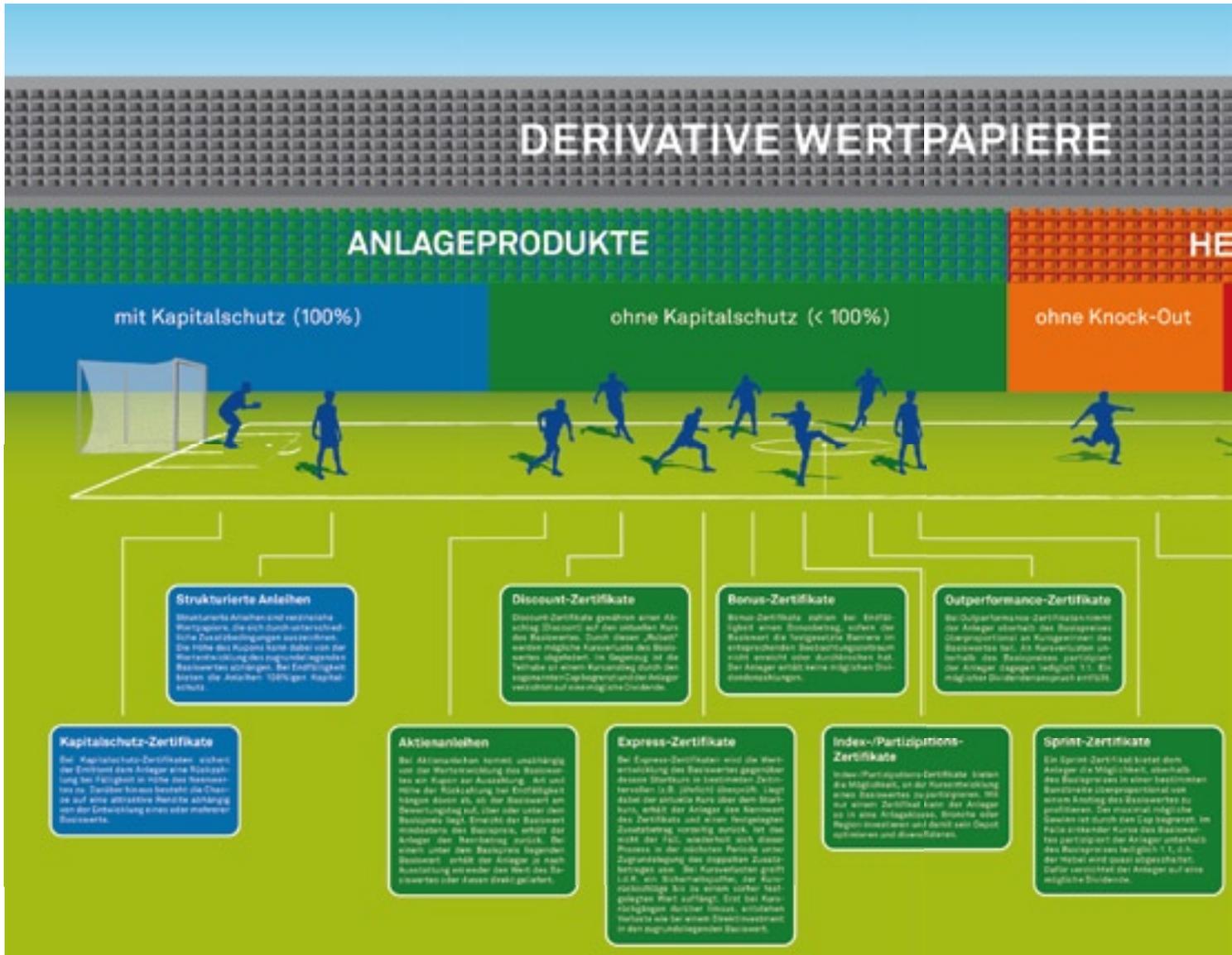
- Product classification “Derivatives League”
- Video centre on the DDV website
- Publication: “Certificates: FAQ for Beginners”
- Certificates savings plan calculator (online or on CD)

### 2 EVENTS/PUBLIC RELATIONS

- German Derivatives Day  
(Deutscher Derivate Tag)
- Parliamentary evening
- DDV Media Award
- Derivatives Roundtable
- DDV media seminar
- Trend of the month (polls)

### 3 SCIENTIFIC EXPERTISE

- Foundation of the Scientific Advisory Board
- Survey “Certificates ratings – a comparison”
- Study “The impact of certificates on the German equity market”



1 INVESTOR-ORIENTED COMMUNICATIONS

“Derivatives League” illustrates product and risk classes

Abstract topics are best put across by comparing them with commonly-known things. What could be more suitable than the popular sport of football? This was the underlying concept of the Derivatives League, which was jointly developed by DDV and issuers in 2009. Within a football team, every type of player has certain strengths and tasks. In the same manner, every type of certificate has certain special benefits, and fulfills a certain function within a portfolio. Just as on the playing field, the most important

thing concerning an investment strategy is to strike an ideal balance: no team would go into a game with eleven strikers, or expect success with nothing but defenders. The Derivatives League comprises eleven product groups, too: capital-protected certificates act as a goalkeeper, making sure the game is not lost. Discount or bonus certificates act as mid-fielders, being able to act defensively or offensively depending on the situation. Finally, knock-out products assume the role of strikers, striving for spectacular successes.



Football is the example here: tactics and line-up are as important in investing. With a rock-steady defence, controlled attacks ensure success.



Thus, the possibly confusing range of derivatives is structured clearly, according to their risk/reward profile, into defensive and aggressive positions. Additionally, a colour code is applied. In principle, this works like a traffic light, only that it is shaded from 'defensive' blue, through green and orange, to 'aggressive' red.

Transparency has been DDV's guiding principle in this initiative. An easily understandable guide through the universe of derivatives serves transparency and investor protection much better than mountains of detailed documentation,

which hardly any private investor could – or would wish to – manage.



Whether online or offline: the Derivatives League is available in German on the internet or on DVD.

Video centre on [www.derivateverband.de](http://www.derivateverband.de)



Investor poll as a two-minute video



DDV Media Award 2009

00:25

### The voice of investors: trend of the month

Since the middle of 2009, DDV has analysed investor opinion on varying questions by means of a monthly poll. The most important results are then presented in the form of short two-minute videos on the DDV homepage. The topics so far:

- **Ratings:** Prior to buying an instrument, do you use corresponding product ratings?
- **Credit quality:** When buying a certificate, how important is the issuer's credit quality for you?
- **Information and trust:** Which sources or people do you depend upon in the first instance when buying financial products?
- **Sustainable investment:** What role do ethical or ecological aspects play in your investment decisions?
- **Buying criteria:** Which are the most important reasons for you to buy a specific certificate?
- **Portfolio structure:** Which weighting should certificates have in a balanced portfolio?

Trend polls are conducted with a variety of co-operation partners: the financial portals OnVista, finanzen.net, finanztreff.de, boerse-go.de and godmode-trader.de.

### Video centre on the DDV website

A video centre, set up in 2009 on the Association's homepage, offers a wide and steadily increasing selection of short videos. There are two reasons for this: firstly, the number of consumers preferring new media to a printed brochure is increasing. Secondly, these short information videos are brilliantly suited to conveying abstract contents in a concise and lively way. Here are some of the videos available in German on the DDV website:

- Current topics
- Summary profiles of the eleven product categories of the Derivatives League
- Interviews with experts, Derivatives Roundtable
- Trend of the month and additional polls
- Events like the DDV Media Award and the German Derivatives Day (Deutscher Derivate Tag)

### 50 questions and answers: "Certificates for Beginners"

Everything investors should know about certificates prior to their first purchase is covered in a new DDV publication, available in print and online. Roughly 50 key terms and relationships are concisely described. Readers learn to distinguish the key characteristics of the various





German Derivatives Day 2009 (Deutscher Derivate Tag):  
Interview with Rupertus Rothenhäuser



Summary profiles of the eleven product categories of the  
Derivatives League

50 %



types of certificate, what credit spreads are, how deposit guarantee schemes are regulated, how and where to trade certificates, and much more.

### Certificates savings plan as a simple investment vehicle for retirement provisions

A sound understanding of the products is just as important as the transparency of information. Therefore, and in cooperation with issuers, DDV informed a wider audience about the possibilities offered by certificates savings plans during 2009. Even with small monthly instalments they are ideal for many private investors, and especially for ‘beginners’. Combining the advantages of regular saving with the specific opportunities offered by certificates provides for very special investment strategies.

Regular savings amounts – as opposed to a one-time investment – have the advantage of lower average entry costs in the long run (the so-called ‘cost average’ effect). A constant monthly investment amount means that more securities are bought when prices are lower – and less when prices are higher. Assuming a monthly savings amount of € 50 and a price of € 10, the investor buys five certificates each month. If the price subsequently rises

to € 12.50, only four certificates are bought. Adopting an anti-cyclical stance, investors are able to purchase more assets for a given investment amount if prices are low, compared to investing at a higher price.

Conceptually, certificates savings plans are long-term in nature and often run for more than 20 or 30 years – especially when used within the framework of retirement provisions. In contrast to life assurance, the investor is always solvent since he can dispose of certificates on every exchange trading day. In any case, DDV draws particular attention to the fact that the issuer’s top-rated credit quality is even more important for a long-term certificates savings plan. Furthermore, the selection of the appropriate certificates is key, and should be based on the investor’s personal objectives and risk tolerance.

In 2009, the Association published a certificates savings plan calculator on CD-ROM: investors can enter their planned monthly investment, the lifetime of the savings plan, or the target capital at the end of the plan. Based on this input, the programme creates model calculations, which facilitates the search for a suitable offer. The CD is available in German free of charge on [www.derivateverband.de](http://www.derivateverband.de) >> Knowledge Base >> Order Centre.

### 1 INVESTOR-ORIENTED COMMUNICATIONS





German Derivatives Day 2009 (Deutscher Derivate Tag): In dialogue – Professor Bert Rürup

2 EVENTS/PUBLIC RELATIONS

**This is where the industry meets:  
the German Derivatives Day  
(Deutscher Derivate Tag)**

Once a year, the German Derivatives Day – held in Frankfurt – is the venue where issuers, politicians and journalists from Germany and abroad get together. The conference, organised by DDV, was very well attended in 2009 as in previous years. In addition to presentations from renowned experts, intensive exchange on current topics concerning the financial markets and the development of the certificates industry were at the centre of attention.

**Opinion leaders in dialogue:  
The Derivatives Roundtable**

Another series of events launched by the Association is the Derivatives Roundtable, designed to maintain a continuous dialogue with media representatives and ‘multipliers’. Here, representatives of the media and the derivatives industry meet in a small group to exchange views and information. These Roundtables offer journalists the opportunity for intensive discussion with experts from science and practice. The first meetings were held in 2009 in Frankfurt, Stuttgart and Munich. Additional events are planned for Dusseldorf and Berlin.



German Derivatives Day 2009 (Deutscher Derivate Tag)

Photograph by Frank Mashofer



### DDV Media Award

Competent and critical coverage in the financial press contributes to private investors' acceptance (and to the growth) of the certificates market. DDV established the DDV Media Award to honour journalists who have covered the certificates market in a particular well-researched manner. A jury of experts awards the best achievements in the categories Print (daily newspapers and magazines), online media and new formats, regional media as well as radio and television broadcasting. The evaluation includes linguistic quality, originality of the approach, and particularly the intelligibility for readers and investors. The event's highlight is the award ceremony; in 2010 the event will be taking place in Stuttgart again on 22 April, on the eve of the INVEST investor's trade fair.



2nd Derivatives Roundtable on 15 June 2009 in Stuttgart; interview with Hermann-Josef Tenhagen, Editor in Chief of Finanztest



Prize winners (left to right): Andreas Kock, Dr Martin Ahlers, Matthias von Armin, Ralf Andreß, Antonie Klotz and Richard Weiss



Photograph by Konstantin Tschovikov



3 SCIENTIFIC EXPERTISE

**Scientific support: Advisory Board established**

In December 2009 the newly founded Scientific Advisory Board met for its constituting meeting. It will provide scientific guidance to DDV's work, advising the Association's management regarding key issues. In particular, it is the Advisory Board's task to make new financial knowledge available to the certificates industry, and to build a forum with DDV for exchanging information between theory and practice. Furthermore, the Board is available as a point of contact for governmental and non-governmental institutions.

Advisory Board Chairman is Professor Sigrid Müller of the Humboldt University in Berlin. The Scientific Advisory Board consists of five members:

- **Professor Sigrid Müller**, Institute of Finance at Humboldt University, Berlin
- **Professor Lutz Johanning**, Chair of Empirical Capital Market Research at the WHU – Otto Beisheim School of Management
- **Professor Christian Koziol**, Chair of Risk Management and Derivatives at Hohenheim University
- **Professor Bernd Rudolph**, Chairman of the Management Board of the Institute for Capital Market Research and Finance at Ludwig-Maximilian University, Munich
- **Professor Dirk Schiereck**, Head of Corporate Finance at Technical University Darmstadt.



“**Certificates are transparent financial products.** They offer a defined performance potential: investors know which return they will receive at a certain point in time, in accordance with the performance of the underlying instrument. Furthermore, certificates ratings establish a high degree of transparency, and thus help investors select suitable products.”

Professor Sigrid Müller, Institute of Finance, Humboldt University, Berlin

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“With financial investments there is one general rule to adhere to: ‘**Do not put all your eggs in one basket.**’ Certificates are especially suitable for diversifying financial assets. Certificates enable investors to invest not only in equities but also in commodities, indices, strategies, sectors or regions. Previously this opportunity was only available for institutional investors in such an easy and cost-effective way.”

Professor Lutz Johanning, Chair of Empirical Capital Market Research at the WHU – Otto Beisheim School of Management

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“The vast product range – more than 350,000 certificates – is a sign of the **strong competition on the German certificates market.** In addition, it offers a decisive advantage: virtually every investor can find a tailor-made certificate meeting personal requirements and preferences. **The tried-and-tested certificates ratings offer sound advice and orientation.**”

Professor Christian Koziol, Chair of Risk Management and Derivatives at Hohenheim University

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“Certificates are attractive to conservative and risk-tolerant investors alike; they can be as advantageous for institutional investors as for private investors. Certificates can be used for the **accumulation of assets** as well as for **reducing risks.**”

Professor Bernd Rudolph, Chairman of the Management Board of the Institute for Capital Market Research and Finance at Ludwig-Maximilian University, Munich

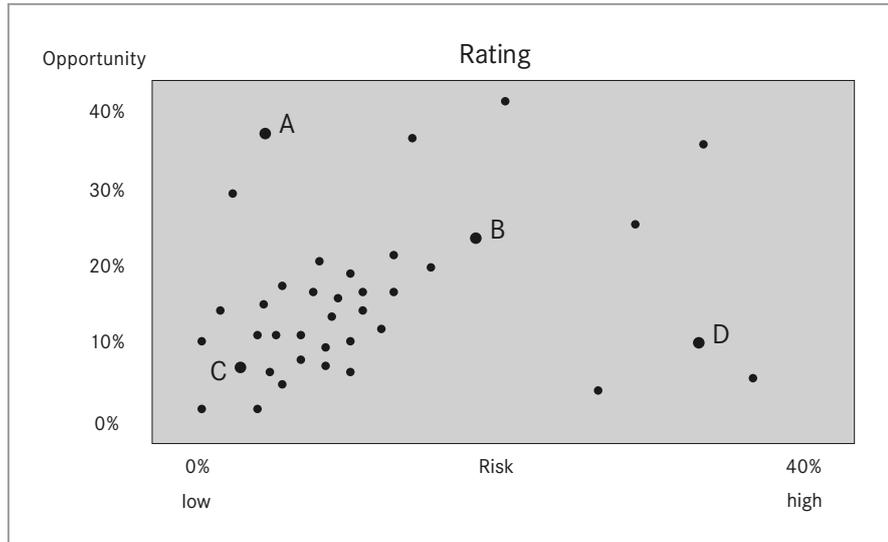
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“The broad range of certificates outstanding today allows every investor to almost perfectly match their **personal risk/return profile.**”

Professor Dirk Schiereck, Head of Corporate Finance at Technical University Darmstadt

Opportunities and risks of various certificates



Abstract of the survey "Certificates ratings – a comparison" by Professor Sigrid Müller

3 SCIENTIFIC EXPERTISE

Scientific expertise for DDV

On behalf of DDV, Professor Sigrid Müller from the Institute of Finance at Humboldt University in Berlin prepared a survey and a study. The key results are outlined below:

→ The scientific foundation of EDG's rating methodology is excellent. Certificates are mapped successfully. Scope's rating possesses a very good scientific basis. EDG and Scope both own very good databases.



"Certificates ratings – a comparison"

→ The various certificates ratings of the European Derivatives Group (EDG), the Institut für Zertifikate-Analyse (IZA) and Scope, as well as their information on product quality of certificates, contribute to transparency and consequently enhance investor protection.

→ All three certificates ratings comprise the components trading, credit quality, and risk. Costs and information provision by issuers are only evaluated by EDG. IZA uses EDG's assessments.

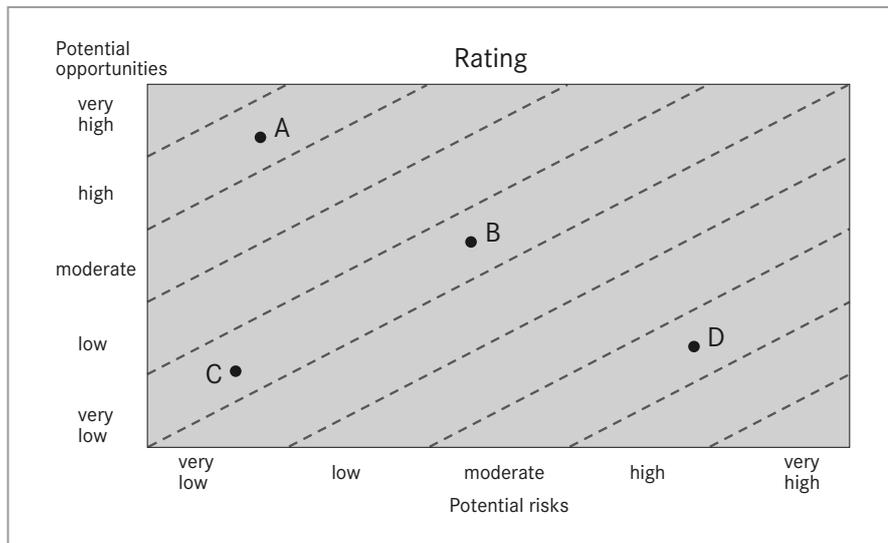


The issuer's credit quality is particularly important. When assessing this component, EDG not only uses credit risk (measured by Credit Default Swaps) but also a statistical analysis based on the ratings of Standard & Poor's, Moody's and Fitch. For its investment rating, Scope uses the assessments of Standard & Poor's, Moody's and Fitch as well as its own calculations, which also incorporate Credit Default Swaps.



→ EDG's and Scope's ratings are based on quantitative analyses, and are scientifically founded. IZA's certificates rating approach is based on qualitative analysis: it only takes new issues into account, and additionally applies EDG's assessments.

**Classification**



→ EDG's rating takes into account the costs involved with a certificate, by way of an ex-post financial assessment. This component is not included in Scope's rating.

→ The liquidity of a certificate – the possibility of selling it without any delay – is included in all ratings.

→ EDG and Scope update their ratings regularly, and additionally when major shifts occur on the market. Scope updates its rating most frequently.

**“The impact of certificates on the German equity market”**

→ The certificates market impacts the equity market. Certificates issuers generally hedge their exposure. When doing so, they usually do not enter into the counter-position of the

certificate issued – instead, they use other hedging techniques, for example, by trading the underlying share.

→ Certificates have a stabilising effect on the equity market. They increase liquidity, and may decrease the volatility of the underlying equities.

→ Given the influence of the certificates market on the equity market, the regulatory framework is of particular importance. Thus, when dealing with regulation matters, the interdependence of equities and certificates markets should be considered.

These studies and surveys – plus additional research material – are available in German, free of charge, for download from the DDV website.

# Credit quality, risk and rating



↳ **Credit Spreads:** for investors, credit spreads are helpful since they enable them to better assess a certificates issuer's credit quality. Credit Default Swaps (CDS) provide a measure of default risk. To be more precise: the CDS spreads quoted represent an insurance premium to be paid in order to hedge against the default of a particular company's debt securities. These premiums can give some indication on an issuer's credit quality, in a more timely and accurate manner than some ratings. As a general rule, the lower the spread (or risk premium), the better the credit quality – and vice versa.

**Certificates rating:** DDV has stipulated a specification for the rating of certificates, which is valid across the industry and equally applies to all rating companies. A scientifically proven certificates rating can be seen as a milestone for the improvement of product transparency. Providing an objective quality standard, it enables investors to compare different offers, to cut down the scope of the product universe, and hence to select the most suitable financial product. Similarly, it offers orientation to investors and advisors alike, and supports the investment decisions they may take. At the same time, the rating forms a cornerstone for an efficient self-regulation of the derivatives market. This is one of the focal aspects during

## Credit Default Swaps

Company	Credit Default Swaps
ABN AMRO	119,00
Bank of America	112,22
BARCLAYS Bank	94,63
Bayerische Hypo- und Vereinsbank	74,63
Bayerische Landesbank	97,63
BHF-Bank <sup>1)</sup>	64,63
BNP Paribas	33,03
Bundesrepublik Deutschland	33,03
Calyon	-
Citigroup <sup>2)</sup>	181,94
Commerzbank	70,56
Credit Suisse	68,17
Deutsche Bank	82,15
DZ BANK	-
Erste Group Bank	135,23
Goldman Sachs	101,81
HSBC Trinkaus <sup>3)</sup>	62,26
HSH Nordbank	-
ING-Bank	70,60
J.P. Morgan	51,56
LBBW	132,50
Landesbank Berlin	-
Morgan Stanley	122,39
Morgan Stanley & Co. International PLC	-
NATIXIS	114,89
Nomura Bank International	140,00
Norddeutsche Landesbank	-
Österreichische Volksbanken	-
Rabobank	71,29
Raiffeisen Centrobank	-
Royal Bank of Scotland	129,36
Sal. Oppenheim <sup>4)</sup>	-
SEB <sup>5)</sup>	-
Société Générale	72,87
UBS Investment Bank	85,45
Vontobel <sup>6)</sup>	-
WestLB	109,14
WGZ BANK <sup>7)</sup>	-

Always up to the minute: on the DDV website, prospective investors will find the daily updated credit spreads for the most important issuers, based on Credit Default Swaps

Source: Scope Analysis GmbH; updated: 20 Jan 2010

The issuer's credit quality and the product ratings are as crucial when making an investment decision as the investor's individual appetite for risk. DDV now publishes three certificates ratings on its website, as well as another risk measure for assessing issuers' credit quality: the so-called credit spreads. In this way DDV has once again enhanced transparency for investors.

discussions between DDV's management and policymakers in Berlin and Brussels.

**Risk classes:** as a result of the rating process, products are tagged with star ratings akin to those familiar to consumers for the evaluation of hotels or restaurants: five stars indicate the top grade ("very good"), zero stars indicate that the product is "unsuitable" (see figure).

**In the respective risk class, the product is certified as ...**



**Market statistics:** Apart from the assessment and comparability of individual products, information on the overall market also contributes to transparency. For this reason, the Association regularly publishes statistical data on market volume, market shares and stock exchange turnover. These statistics, which are available on the DDV website for any interested party, are the only reliable sources concerning the development of the German derivatives market.

# A code of conduct is setting the standard

The Derivatives Code constitutes a voluntary agreement by all DDV members to comply with standards concerning the issuance, structuring, sale and marketing of derivative securities. As a seal of approval, it offers valuable guidance to private investors. The Derivative Code's Advisory Board, under the direction of Professor Dirk Schiereck, reviews compliance with the Code.

↳ The Derivatives Code is an additional safeguard, designed to ensure investor protection beyond the existing legal provisions. DDV members make a firm commitment to comply with the following Code:

**1 The issuer's credit quality shall be openly represented at all times.** Given their nature as debt securities, derivative securities are generally exposed to credit risk. The current information contained in the securities prospectus concerning the issuer and the ratings (as well as any changes thereto) shall be published in an intelligible manner, at an easily-accessible location on the internet.

**2 The underlying instrument shall be represented transparently.** The underlying instruments on which derivative securities are based shall always be clearly defined. To the extent possible, calculations of any payouts shall be based on transparent reference prices of liquid markets.

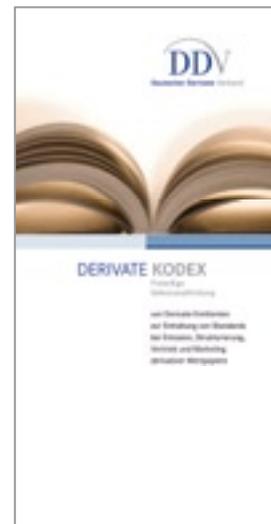
**3 The description of derivative securities shall comply with the principle of product clarity.** Various opportunities to combine derivative structures lead to a large variety of products, and to complexity. Product clarity is

ensured by providing information to, and educating private investors.

**4 Derivative securities shall be offered at prices that are appropriate in relation to the product structure and prevailing market terms.** Pricing shall be accomplished between freely competing issuers, according to the criteria of modern financial markets theory, and shall be based on various pricing parameters. When determining prices, the signatories shall take the complexity of products into account.

**5 Every signatory shall ensure that trading in any of its own derivative securities is possible in principle.** Private investors can only achieve their individual investment objectives using derivative securities if they have the opportunity to trade the securities, and especially to sell them. Therefore, the signatories shall assume responsibility for secondary market trading in their securities, or entrust a third party with the market-making.

The seal displayed at the right hand side serves as orientation for investors: it shall be displayed on issuers' product publications and shall guarantee compliance with specified rules.





## DDV summary profile

Established on 14 February 2008 in Frankfurt/Main as an industry representative body of the 17 leading issuers of derivative securities in Germany, DDV represents approx. 90 per cent of the overall market. With offices in Frankfurt and Berlin, DDV serves as a political interest group in Berlin and Brussels.

### Objectives:

- to promote the certificates market
- to increase the acceptance of derivative financial products
- to ensure investor protection
- to improve understanding and transparency of products

### Tasks:

Fostering the active exchange of opinions with political decision-makers, and supporting parliamentary proposals count among the key tasks of the Association. DDV is a point of contact for politicians on all matters concerning the certifi-

icates industry: offering its expert knowledge, it actively contributes to the shaping of political opinions.

Through its press and public relations work, DDV provides information on general and current topics concerning the certificates market. It releases press statements, holds press conferences, and offers a diverse range of information to all interested parties. Since the internet increasingly is becoming the leading media channel, DDV continuously extends its online offer. In addition, DDV's events are popular forums for personal exchange of opinions.

Investor protection and transparency are further important concerns of the Association. Together with its members and sponsoring members, DDV advocates implementing and adhering to industry standards. Various active self-regulation measures are designed to render corresponding government regulation redundant.



# Maintaining a dialogue with Berlin and Brussels

Intensive exchange of opinions with political decision-makers is one of DDV's key tasks. In this context, DDV is a point of contact for politicians on all matters concerning the certificates industry: offering its expert knowledge, it actively contributes to the shaping of political opinions at a national and European level. During 2009 a whole series of industry-relevant topics were at the top of the political agenda.

↳ From regulations concerning investor protection to initiatives for more product transparency and the clarification of taxation specifics: during 2009, a broad range of political proposals was tabled, and in this respect DDV took action and participated in shaping political opinion. The Association analysed parliamentary initiatives and government plans, preparing related reports, petitions and statements. On a wider scale, as well as in numerous one-on-one-conversations with political decision-makers, DDV's management (as well as the Chairmen of the responsible DDV Committees) made the position of the certificates industry very clear. It is important to note that the DDV does not represent solely the interests of issuers: it always keeps an eye on private investors as well.

## Widespread regulation

The political debate focused during 2009 on the future regulation of financial markets in general, as well as of individual asset classes in particular. But topics like investor protection and product transparency also took up much space. After intensive debate, a new German Act on the reform of legal relationships under debenture bonds from global issues and on improved enforceability of investor claims based on wrong advice (Gesetz zur Neuregelung der Rechtsverhältnisse bei Schuldverschreibungen aus Gesamtemissionen und zur verbesserten Durchsetzbarkeit von

Ansprüchen von Anlegern aus Falschberatung – "German Bond Act") came into force in August. The German Federal Financial Supervisory Authority (BaFin) published the draft of an interpretation letter concerning section 31 of the German Securities Trading Act (Wertpapierhandelsgesetz – "WpHG"), specifying the requirements for investor information and for advertisements by investment services enterprises. Additionally, the

## Topics of the year 2009

A summary of the most important issues on the political agenda:

### Investor protection

→ New German Bond Act, including amendments to the German Securities Trading Act

### Product transparency

→ Product information sheet, Key Information Document (KID), "Package leaflet"  
→ Rules of the German Securities Trading Act on customer information, and on advertisements by investment services enterprises

### Taxation

→ Questions regarding flat tax on investment income

→ Proposal to reintroduce a stock exchange turnover tax in Germany  
→ Derivatives and VAT  
→ Doubts and interpretation issues concerning the Investment Tax Act

### Related topics

→ Statements on the revision of the EU Prospectus Directive  
→ BaFin fees for the filing of Final Terms

### Public hearings of the German Bundestag

→ "Introducing a financial markets watchdog as a consequence of the financial markets crisis" (27 May)  
→ "Grey capital market" (1 July)



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newly-introduced German flat tax on investment income (which came into force at the beginning of 2009) preoccupied the DDV Tax Committee, together with numerous related open issues.

As the keywords on this list of topics already indicate, these are issues with a high level of complexity and numerous details – with serious potential consequences for the industry. To draft factual statements or petitions, and to discuss these with political decision-makers is part and parcel of DDV's daily work in Berlin and Brussels.

As an example, we will focus on the discussions about summarised facts for investors.

### **One example: the product information sheet for investors**

The type and scope of product information is decisive for product transparency. National legislators, and especially those at a European level, have drawn up corresponding specifications in this regard. These statutory provisions have also resulted in the obligation of issuers to provide investors with product information, the scope of which has meanwhile become extensive. In fact, less experienced investors feel especially overwhelmed by the amount of information.

European policymakers understood this problem and took action. In the meantime, by order of the European Commission, the Committee of European Securities Regulators CESR has developed a so-called Key Information Document (KID) for investment funds. Subject to approval by the European Commission, it will be mandatory from mid-2011 to describe the fund product, according to a specified grid, on two pages for all open-ended funds and on three pages for all structured funds, respectively.

DDV provided intensive support for this process, having decided already in July 2009 to appoint a task force to review a possible adaptation of the Funds KID for certificates, and to submit a proposal to the DDV Regulation Committee. These tasks have been largely finalised, and a proposal has been submitted taking into account any specifications to be expected of European regulatory authorities. This means that possible future regulatory specifications of the European Commission are being adopted today, as indicated in the context of the initiated proceedings regarding Packaged Retail Investment Products (PRIP). Simultaneously, product transparency for investors will be significantly improved – a move welcomed by the German certificates industry, since protecting investors and improving intelligibility and transparency of products rank amongst its essential





Photograph by Frank Ossebrink

This is where the industry meets to exchange opinions: DDV's autumn reception



Steffen Kampeter, Parliamentary Secretary of State, interviewed by Angela Wefers

objectives. Only when investors receive good advice and feel they are being treated fairly, will they once again invest in these innovative financial products. In this respect, certificates issuers and political decision-makers in Germany and Europe act in concert.

### First Parliamentary Evening in Berlin

During the first week of sessions of the newly elected German Bundestag, DDV extended an invitation to an autumn reception in Berlin. On this Parliamentary Evening, DDV's CEO and

Member of the Board of Directors, Dr Hartmut Knüppel introduced the Association's own transparency initiative to guests invited from the political, business, and media arenas, and outlined the focal points of the Association's future work in Berlin and Brussels. Angela Wefers, Managing Editor of the Berlin editorial department of Börsen-Zeitung, interviewed Steffen Kampeter, the surprise guest of the evening. The new Parliamentary Undersecretary to the German Federal Ministry of Finance explained fiscal cornerstones of the coalition agreement, and presented a first insight to the fiscal projects of the new government.

# One voice for Europe

Founded in 2008 in Brussels as the European umbrella association of derivatives associations of Germany, Italy, Austria and Switzerland, the European Structured Investment Products Association (eusipa) represents the industry's interests in Europe, with strong support from DDV. In 2010, associations from France and Sweden will join as new members.



➤ In order that national markets can grow together to form a pan-European Derivatives market, eusipa advocates the application of an attractive and fair framework throughout Europe. The umbrella association makes a point of creating Europe-wide market standards, strengthening investor protection with codified voluntary commitments, and enhancing product transparency with rating initiatives. These initiatives are designed to strengthen investors' trust in certificates, on a pan-European level.

In March, the Board of Directors met in Vienna and in Zurich following the Annual General Meeting in October, where it discussed eusipa's strategic orientation as well as political positions and focal areas.

## Important activities and topics in 2009 included:

- two detailed statements on the revision of the Prospectus Directive
- workshop participation, and issuing a detailed statement on the proposals contemplated by the European Commission regarding so-called Packaged Retail Investment Products (PRIPIs)
- "Eusipa Derivatives Map": agreement on a European product classification
- "The European Principles for Structured Investment Products": draft of the European Derivatives Code

## Founding members



## eusipa – associations, committees, and executives

### Associations:

Associazione Italiana Certificati e Prodotti di Investimento (ACEPI)  
Deutscher Derivate Verband (DDV)  
Schweizer Verband für Strukturierte Produkte (SVSP)  
Zertifikate Forum Austria (ZFA)

### General Assembly:

Heike-Dietlind Arbter (ZFA)  
Klaus Oppermann (DDV)  
Ugo Giordano (ACEPI)  
Roger Studer (SVSP)

### Board of Directors:

Reinhard Bellet (President)  
Roger Studer (Vice President)  
Ugo Giordano (ACEPI)  
Dr Hartmut Knüppel (DDV)  
Eric Wasescha (SVSP)  
Frank Weingarts (ZFA)

### General Secretary:

Dr Ralf Fischer zu Cramburg

## New members





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“WHILST WE AGREE WITH POLITICIANS ON THE OBJECTIVES, THERE IS SOME DISAGREEMENT REGARDING THE WAYS WE GET THERE. OUR ASSOCIATION FOCUSES ON CONSISTENT SELF-REGULATION. THAT IS WHY WE ARE QUICKER THAN LEGISLATORS – AND THE RESULTS TEND TO BE BETTER.”

Dr Hartmut Knüppel, CEO and Member of the Board of Directors of DDV

# “Yes to regulation – but only if done properly”

What do financial markets participants need to prepare for during 2010? Are voluntary commitments more efficient than state intervention? How will the certificates market develop further, where do you still see need for action? Eight questions to the CEO and the Managing Director of DDV.

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Interview with Dr Hartmut Knüppel and Lars Brandau

**Mr Knüppel, since the outbreak of the financial markets crisis, we keep hearing calls for more stringent regulation. Does your association support such a ‘re-regulation’?**

**Knüppel:** Political decision-makers and regulators are under enormous pressure. Billions of taxpayers’ money prevented the financial services industry from collapsing. The general public now expects that every measure will be taken to ensure that such a far-reaching financial markets crisis will not happen again. Everything which is reckoned to have initiated or reinforced the crisis is being put to the test. Indeed, it is above all a matter of the type and scope of financial supervision, of how meaningful some accounting rules are – but also regarding possible imprudent monetary incentives to financial markets players. People for whom the deregulation of financial markets has always been a thorn in their side now take advantage of the opportunity, and try to roll back the deregulation – which has been quite successful in many areas. Doing that would lead us on a dangerous and wrong track.

**But aren’t there regulatory gaps? What would be the best way in your opinion?**

**Knüppel:** Without doubt, there is a need for regulatory action in a few areas of the financial industry. Regulation is not a bad or good thing in itself. But on a general note, we do not need more regulation. What we need is better and more targeted regulation. In short: yes to regulation – but only if done properly.

**Still, more regulation seems to be inevitable. Does the derivatives industry need to wrap up warmly now?**

**Knüppel:** The regulations currently under discussion in Germany and Europe – and amongst international bodies and committees – exclusively concern credit derivatives. The improper handling of these financial instruments undoubtedly contributed to the financial markets crisis. Credit derivatives are aimed exclusively at institutional investors: these instruments have nothing whatsoever in common with retail derivatives, that is financial products such as



“AS A GENERAL RULE, INVESTORS SHOULD ONLY BUY FINANCIAL PRODUCTS THEY UNDERSTAND.”

Lars Brandau, Managing Director of DDV



certificates, reverse convertibles and warrants, which are aimed at private investors. But unfortunately, the general public often tends to lump credit derivatives and certificates in the same basket. To put it more pointedly: certificates have not been the cause, but rather a victim of the financial markets crisis – which, by the way, applied to nearly all other types of financial products as well.

**Does that mean the association can sit back and relax in 2010, as it seems that the certificates industry will not be directly affected by regulation?**

**Knüppel:** Most certainly not. Political decision-makers in Berlin and Brussels are working on a whole array of topics directly affecting the certificates industry. In the years ahead, issues such as investor protection, product transparency and the qualification of investment and bank advisors are all at the top of the political agenda. Even though this might come as a surprise to some observers, under these circumstances politics and banks act in concert. Investor protection, together with more transparent and easy-to-understand products are in the certificates industry's own interest. Only if investors are satisfied with the products

bought, and if they feel they have been treated fairly and have received sound advice, will they keep buying certificates in the future. Whilst we agree with politicians on the objectives, there is some disagreement regarding the ways we get there. Some rely solely on legislation, our Association focuses consistently on self-regulation. That is why we are quicker than legislators – and the results tend to be better.

**In concrete terms, what does this self-regulation look like?**

**Knüppel:** Let me take investor protection as an example. The Derivatives Code, which all DDV members have committed to adhere to, is an additional guarantor for protecting investors beyond the existing legal provisions. As an independent body, an Advisory Board comprised of three university professors will now be monitoring compliance with this binding Code of Conduct.

Or let us look at transparency: all our members agreed on a uniform product classification, the Derivatives League. Within the framework of our transparency initiative we also publish credit ratings and credit spreads updated daily, thus providing information on issuers' credit quality. Three recognised products rating insti-



tutions regularly evaluate more than 160,000 certificates. Investors can retrieve those assessments from our website with just a single click. The website also provides investors with a large range of important information about certificates. Finally, DDV's market statistics are the only reliable sources on the development of the certificates industry.

**Let's turn to a different topic. Mr Brandau, what do private investors need to watch out for when buying certificates?**

**Brandau:** First and foremost, investors need to be clear about their investment objective and investment horizon. Next, they should make themselves aware of the risks they are prepared to take, and the returns they can realistically expect. The higher the expected return, the higher the risk involved. Depending on their individual appetite for risk and their expected returns, they can choose tailor-made certificates from the vast product universe. DDV offers a check list, which was created in collaboration with the German Association for Private Shareholders (Deutsche Schutzvereinigung für Wertpapierbesitz) and which can be an important aid in this process. This check list is available

from the DDV website. Finally, investors should make sure their portfolio comprises a balanced mix of investments – including certificates, of course. As a general rule, investors should only buy financial products they understand.

**What kind of development will we see in the certificates industry in the year ahead?**

**Brandau:** The certificates industry's development largely depends on the macroeconomic environment. Now that the overall market volume has once again exceeded the € 100 billion threshold, we can look to the future with a degree of optimism. Of course the financial markets crisis left its mark on the certificates industry, but market participants learned their lessons and now remember where their strengths lie. In the past, the industry has always been characterised by its innovative strength a strength it will retain, yet the focus might change a little. With over 350,000 products, the market tends to cover pretty much everything. Going forward, creating completely new product structures is probably less important than optimising and further developing the technical and organisational processes and procedures.



Photograph by Michael Hucler

**Which tasks are on DDV's agenda in the year ahead?**

**Brandau:** During 2010 we will follow up on the transparency initiative started last year; consequently we will continue with the various projects associated with this initiative. Although certificates are already characterised by a high degree of transparency, for most investors they still require more detailed explanation. We have therefore put another issue on our agenda: we will launch a training initiative centred on DDV's online training course. In this way, every investor will be in a position to increase his knowledge on certificates via the DDV website. Three modules will impart basic information, product details, and expert knowledge – which can then be checked by completing a test. This is our way of contributing to the concept of an informed and responsible investor.

**Knüppel:** As a political interest group, investor protection and product transparency will remain highly relevant for DDV. With respect to the numerous projects pursued by political decision-makers on a national and European level, DDV will adopt a clear position. Concerning the subject of creating compact and concise product information, DDV members will play a leading role. Those summarised facts will include a risk parameter for every single certificate and – in a best-case scenario – a computerised dynamic risk classification. Together with comprehensive product ratings, this clearly shows that certificates are much more transparent than most financial products. European Prospectus law – as well as tax law – are two additional fields requiring our attention. So, as you can see, 2010 is bound to be an exciting year for the Association and its members.

The interview was conducted by  
Professor Klaus Gourgé.

# DDV at work: organisation, committees, and executives

All of the Association's bodies and committees, including the Management Board, deal with very specific issues. Nearly every week the responsible persons meet in various groups. One glance back at the 2009 calendar shows ten Board meetings alone, on top of 18 meetings in the three committees as well as nine task force meetings. Additionally there are General Meetings, meetings of the Scientific Advisory Board and of the European umbrella association eusipa.

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## → General Meetings

Fourth General Meeting on  
19 February 2009  
Fifth General Meeting on  
05 October 2009

## → Board meetings

16 January 2009  
16 February 2009  
23 March 2009  
23 April 2009  
08 June 2009  
10 July 2009  
28 August 2009  
23 September 2009  
11 November 2009  
11 December 2009

## → Strategic Board Meeting

11 March 2009

## → Scientific Advisory Board

Constitutional meeting on  
14 December 2009

## → Committee meetings

### Tax Committee

Sixth meeting on 21 January 2009  
Seventh meeting on 30 January 2009  
Eighth meeting on 07 July 2009  
Ninth meeting on 03 August 2009  
Tenth meeting on 26 November 2009  
Eleventh meeting on 02 December 2009

### Regulation Committee

Third meeting on 05 February 2009  
Fourth meeting on 28 April 2009  
Fifth meeting on 09 July 2009  
Extraordinary meeting on  
10 September 2009  
Sixth meeting on 22 September 2009  
Seventh meeting on 17 November 2009

### Prospectus Law Committee

Fourth meeting on 05 February 2009  
Fifth meeting on 28 April 2009  
Sixth meeting on 09 July 2009  
Extraordinary meeting on 27 August 2009  
Seventh meeting on 22 September 2009  
Eighth meeting on 17 November 2009

## → Task force meetings

### Product Classification task force

Fourth meeting on 10 March 2009  
Fifth meeting on 15 April 2009

### Public Relations task force

Second meeting on 22 January 2009

### Standardisation of Technical Terms task force

First meeting on 09 July 2009  
Second meeting on 27 August 2009  
Third meeting on 22 September 2009  
Fourth meeting on 17 November 2009

### Key Information Document task force

First meeting on 26 August 2009  
Second meeting on 10 September 2009

## → Jours Fixes

First Jour Fixe on 03 June 2009  
Second Jour Fixe on 15 September 2009

## → eusipa meetings

19 March 2009, Vienna  
20 October 2009, Zurich

→ **Committees**

**Tax Committee**

Chairman:  
Ronny Klopfleisch  
Deputy Chairman:  
Thilo Danz  
Coordinated by:  
Mathias Kolbeck

**Regulation Committee**

Chairman:  
Dr Dominik Neundörfer  
Deputy Chairman:  
Andrea Korte  
Jürgen Wohlfarth

**Prospectus Law Committee**

Chairman:  
Dr Klaus Künzel  
Deputy Chairman:  
Dr Dominik Neundörfer

→ **Task forces**

Product Classification task force  
Public Relations task force  
Standardisation of Technical Terms  
task force  
Key Information Document task force

→ **Board of Directors**

Updated: February 2010



**Stefan Armbruster**

is a Managing Director at Deutsche Bank AG, responsible for sales and marketing of certificates and warrants.



**Jan Krüger**

manages the Equity Sales desk at LBBW, where he is responsible for sales and marketing of structured retail products as well as for institutional client coverage for equity derivatives.



**Klaus Oppermann**

manages the Public Distribution desk within the Corporates & Markets division of Commerzbank AG, and is responsible for the public distribution of derivative securities in Germany and Europe.



**Rupertus Rothenhäuser**

manages the Retail Derivatives desk for Germany and Austria at BNP Paribas in Frankfurt/Main.



**Dr Hartmut Knüppel**

is CEO and Member of the Board of Directors of Deutscher Derivate Verband. Prior to his appointment to DDV, he held various positions in politics and business.

→ **Strategic Board**

Updated: February 2010

**Klemens Breuer**  
WestLB AG  
Member of the Management Board



**Carola Gräfin von Schmettow**  
HSBC Trinkaus & Burkhardt AG  
Member of the Management Board



**Wolfgang Engel**  
Société Générale S.A.  
Director



**Joachim von Schorlemer**  
BNP Paribas S.A.  
Head of Territory, Germany



**Lars Hille**  
DZ BANK AG  
Member of the Management Board



**Patrick Sollinger**  
Bayerische Hypo- und Vereinsbank AG  
Managing Director



**Philip Holzer**  
Goldman, Sachs & Co. oHG  
Partner



**Hans-Joachim Strüder**  
Landesbank Baden-Württemberg AG  
Member of the Management Board



**Frank Langer**  
Sal. Oppenheim jr. & Cie. KGaA  
Managing Director



**Roger Studer**  
Bank Vontobel AG  
Head of Investment Banking



**Wolfgang Matis**  
Deutsche Bank AG  
Head of Global Markets Europe



**Stefan Winter**  
UBS Deutschland AG  
Member of the Management Board



**Michael Reuther**  
Commerzbank AG  
Member of the Management Board



# Members



Updated: February 2010

# Sponsoring members



Updated: February 2010

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# Derivatives ABC – asset classes, break-even, certificates ...

The media is an important partner for disseminating a message to as many people as possible. It is easily the biggest multiplier of market opinion and information. DDV is thus very active in its public relations work. This is evident in the high level of business media coverage of topics relevant to the certificates industry – and hence, strong response from readers.

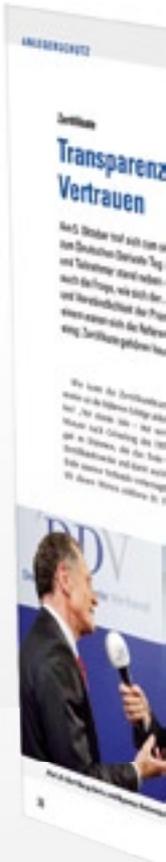
Articles, analyses, interviews, comments ... with more than 500 individual contributions, DDV's topics were ever-present in the media during 2009. Of course, the quantity of reports is not a particularly precise metric of successful public relations work. But a doubling of publications compared to the previous year is no accident. A first condition for high media coverage is to produce relevant and current content offering real value to readers.

A second – but equally important – issue is to embed the subject matter into journalists' day-to-day business. After all, no financial editor asks himself on his daily journey to work: "What can I write about certificates today?" But thanks to a combination of continuous contact and a constant stream of new facts, media in-

terest is stabilising. Ideally this could lead to certificates becoming a recurrent heading.

The yearly highlights of the Association's public relations work are undoubtedly the German Derivatives Day (Deutscher Derivate Tag) and the DDV Media Award. Naturally, these events attract enormous media attention. But even between those two key events, there are always activities such as round-table discussions with journalists, appearances in TV and radio programmes of DDV's CEO and the Managing Director, or even personal visits to editors.

As another sign that the Association's public relations works well, more and more journalists spontaneously take up certificates topics, using the comprehensive information available





on the DDV website ([www.derivateverband.de](http://www.derivateverband.de)) for their research. Managing Director Lars Brandau: “Many items on our website are equally interesting for investors and journalists alike. But private investors prefer reading a newspaper; they rarely look specifically for our pages. So due to the wider coverage of print media our topics multiply enormously.” For more information on DDV’s internet presence, please refer to pages 12 to 15.

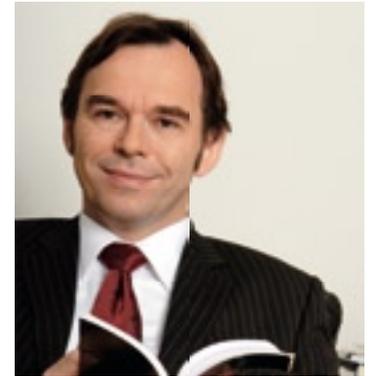


Supply creates demand: a growing number of journalists take up DDV’s range of topics to report on the certificates industry.

## Statements of experts on the certificates market

“A good certificate must be intelligible for customers, offering a **decent return**.”

Hermann-Josef Tenhagen, Editor in Chief of Finanztest



“I am no fan of demonising securitisation in general.”

Steffen Kampeter, Parliamentary Undersecretary of State at the German Federal Ministry of Finance

“Certificates represent an **attractive investment opportunity**, as they can help to optimise the risk/reward profile of a portfolio according to the investor’s needs.”

Professor Rudi Zagst, HVB Institute for Financial Mathematics





“Certificates offer opportunities to investors according to their **personal appetite for risk**: from **conservative to speculative**. For this reason we are using these products in our portfolio management.”

Rolf Kazmaier, SVA Portfolio Management



“Certificates are a component of **retirement provisions**. They are more suitable for mapping one’s individual risk profile than any other financial instrument.”

Bert Rürup, Professor for Economics

“I like to compare the certificates market to a **toolbox**: Many different tools and parts are in there, and they are aimed at very different tasks. As important and in good working order these tools might be, they are only of use to somebody who knows how to handle them.”

Hermann Kutzer, financial journalist



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