

TRANSPARENCY CREATES TRUST

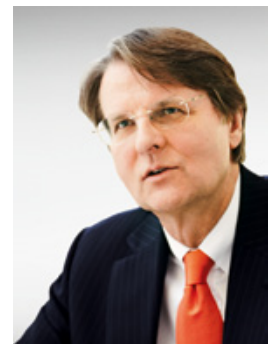


Transparency and knowledge are the best protection for investors

→ On 14 February 2011 Deutscher Derivate Verband (DDV), the German Derivatives Association, turned three years old. After the first two years were overshadowed by the financial crisis, the market for certificates entered a relatively calm phase in 2010. This made our association all the more purposeful in tackling its real tasks.

taken part. On the whole we substantially broadened the scope of our information services in 2010. More about this on page 18.

Another of DDV's primary concerns was to ensure the greatest possible transparency of the certificates markets and their products. For this purpose we have developed product infor-



Dr Hartmut Knüppel

“EVEN MORE INFORMATION AND PRODUCT TRANSPARENCY: THE GUIDING PRINCIPLES OF OUR WORK IN 2010.”

First of all, let us mention the intensive and continuing dialogue with those in positions of political responsibility. Consulted by decision-makers in Berlin and Brussels, our association helps shape political opinion in all questions concerning our industry. Among the dominant issues on the political agenda in 2010 were questions of regulation. On both a national and a European level we were concerned with new rules, controls and precautionary measures for the financial markets. The issues for DDV in its communication with politicians are discussed on pages 12 to 14.

mation sheets, setting standards and making a big advance as far as investor protection is concerned. For we are convinced that transparency and knowledge offer the best protection for investors.

The association's success is largely due to the active support of its members. We would like to take this opportunity to express our gratitude to our members and sponsors for our successful collaboration.

Berlin and Frankfurt am Main, Germany,
February 2011

Last year DDV continued to devote much energy and effort to ensuring that investors are provided with more information and education. In 2010 the association launched an educational initiative, for instance, in the form of a three-stage online learning programme, in which more than 1,300 investors have since



Lars Brandau

Two handwritten signatures in blue ink. The first signature is 'Hartmut Knüppel' and the second is 'Lars Brandau'. Both are written in a cursive, flowing style.

Dr Hartmut Knüppel
CEO and Member of the
Board of Directors

Lars Brandau
Managing Director



SHAPING OPINIONS

Political communication: the core of the association's work

Page 12

Consulted by politicians, DDV represents the concentrated expertise of the certificates industry.



AT THE HEART OF THE ACTION

Projects in 2010: Product transparency and information for investors

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The association's initiatives make certificates easier than ever to understand.



WORKING TOGETHER

The venue for the sector: the German Derivatives Day

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Issuers, politicians and journalists exchange notes on current issues from the world of finance.

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The certificates market in 2010: stable at a high level

The certificates industry in Germany can look back on a good year in 2010, which saw a slight increase in market volumes. Investors consistently invested in certificates, reverse convertibles and warrants.

→ In 2010 more and more private investors seized the many advantages offered by an investment in certificates. Each month volumes invested in certificates amounted to more than EUR 100 billion. While market volume stood at EUR 103.5 billion in January, it had already reached EUR 106.1 billion in March and had climbed to its annual high of EUR 108.8 billion by October. As many products matured at the end of the year, the year ended as expected with a volume of EUR 106.4 billion.

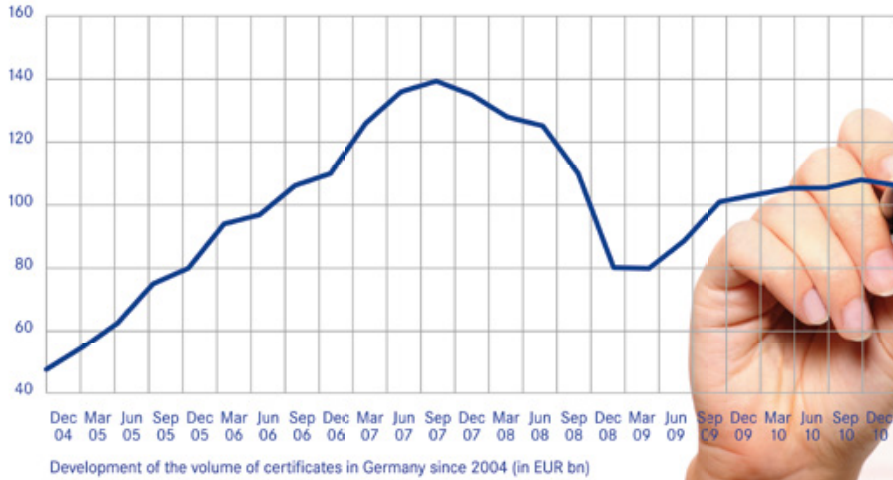
This success was no coincidence. According to statistics published by the European Derivatives Group in 2010, in 60 percent of all cases certificates proved to be less of a risk than the underlying assets, such as equities, during the period under review. There are many other reasons that speak in favour of an investment in structured securities. Certificates make it possible to invest in nearly all markets, a particularly important advantage for private investors, as such diversity was once the preserve of institutional investors.

Now private investors not only have a large number of underlying assets to choose from, but can also invest in strategies, sectors and regions. The huge product universe allows all investors to acquire suitable certificates that exactly match their risk preference and estimation of the market. Furthermore, certificates perform as promised, because even at the time of purchase, the payout profile tells the investor how high the payout will be and what the conditions are.

A focus on safety

A brief glance at the allocation of market volume refutes a common prejudice held by critics of certificates. The stabilisation of the certificates market is by no means due to a return of the speculators. High-risk leveraged certificates never accounted for more than just one percent of market volume, while investment products, which include capital protection, tracker, bonus and discount certificates, made up 99 percent of the market.

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



Leveraged products are not usually sold over the counter, but purchased directly on the stock exchange or directly from the issuer by well informed and experienced private investors. In 2010 two thirds of the total market volume was also accounted for by products with full capital protection. Here investors can at least rely on recouping the nominal value of the certificate.

The various product classes

In the course of 2010, the German blue-chip index, DAX®, staged a further recovery and had risen by around 16 percent by the end of the year. This rally in prices also bolstered the certificates market and contributed towards the higher market volumes in many product categories.

Demand for **certificates with capital protection** remained vigorous throughout the year. At the end of December 63.0 percent, i. e. around two thirds of open interest in investment products,

was invested in this category. From January until December 2010 this category constantly accounted for more than 60 percent of the total volume.

As in the previous year, **express certificates** were the second largest category in December 2010. At the end of December they constituted 9.5 percent of aggregate investment product volume.

The volume share of **discount certificates** at the end of December amounted to 6.5 percent. Due to sometimes hefty fluctuations in the value of the underlyings in 2010, their market volume sometimes reached as much as 8 percent, especially in the spring and autumn.

At the same time, market volumes for **tracker certificates** were constantly at around 6 percent in 2010 and therefore relatively stable. In December 2010 the volume share of this category peaked at 6.4 percent.





In 2010 **bonus certificates** consistently accounted for between 5 and 6 percent and made up 5.1 percent of market volume at the end of December. This means that this category was in fifth place in December.

Reverse convertibles improved their position from 2.6 percent of market volume in December 2009 to 4.3 percent by the end of the year. Although they were therefore among the smallest categories, they were nevertheless ahead of **leveraged products**, which accounted for 1.6 percent of market volume in total.

Transparency and education for investors as further preconditions for growth

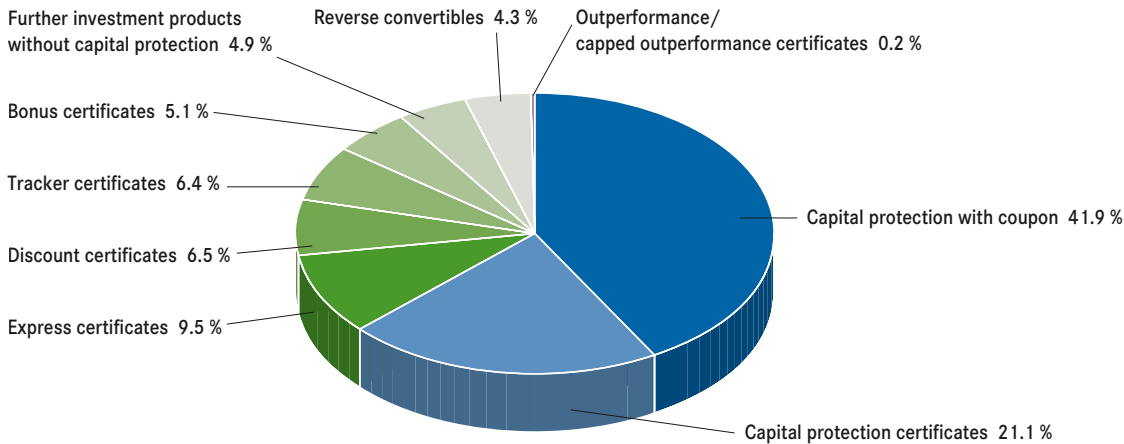
The certificates market will only continue to grow if investors are given sound advice, feel

that they are being treated fairly and are generally satisfied with their investment. Only satisfied investors continue to invest in certificates. Investor protection and education along with transparency and the easy comprehensibility of certificates are therefore in the fundamental interest of the certificates industry.

All investors, however, certainly need to spend a little time in familiarising themselves with certificates. Depending on what form of information they prefer, there are many different options available. DDV and its members offer copious information on their websites. In addition, interested investors can obtain information from magazines and newsletters, but also by visiting exhibitions and attending various events.



Retail investment products by category



Updated: December 2010

GOOD REASONS FOR INVESTING IN CERTIFICATES

→ Potential returns in every market situation

By investing in investment or leveraged products, investors can benefit from both rising and falling prices of the underlying. Good returns are even possible when the market is moving sideways. Individual expectations with regard to the development of the underlying can be realised by purchasing the appropriate product. Investors can therefore earn attractive returns in every phase of the market.

→ Large selection of underlyings and asset classes

Derivatives allow investors to choose from a large number of various underlyings. Besides equities, raw materials and indices also come into question here. Until just a few years ago this was an option open only to institutional investors. Now private investors can invest in a strategy, a sector or a region with just one structured product.

→ Suitable products for every risk preference

Securitized derivatives come into question for investors of all risk preferences. Certificates or structured bonds with full capital protection, for instance, are really a more conservative form of investment as investors are able to at least recoup the nominal value when repayment is made on maturity. In the case of

leveraged products the extremely high chances of gains are counterbalanced by equally high risks. These products are therefore suitable only for investors with a good appetite for risk. In principle it has to be remembered that the greater the opportunities, the greater the risks.

→ Tradability

Derivatives can be traded on both the stock exchange and over the counter. Stock exchange trading offers investors a regulated market and, thanks to the Trading Surveillance Office, one that is monitored. Furthermore, customers can also have an order executed within the limits of the issuer's quote. In addition, limit and stop orders can be placed. In OTC trading, on the other hand, trading hours are longer, and there is no brokerage or transaction fee to be paid.

→ Comprehensive information

Before making a possible investment in derivatives, investors should first find out about the products in question. Issuers support them here with detailed information material available both in printed form and online. Furthermore, DDV publishes general information about all aspects of securitized derivatives on its website at www.derivateverband.de.

Market outlook for 2011: quality and service are paramount

The certificates industry has always been characterised by an enormous force for innovation. This will remain the case in future, even if the focus may shift. The competition to innovate and develop more and more new forms of certificates with sophisticated payout profiles is most probably a thing of the past. Service, enhanced information and product quality are now becoming increasingly important for acquiring new customers.

The positive development of the financial markets and increasing demand among investors for certificates, reverse convertibles and warrants are putting the industry into an optimistic mood. This is also shown by the results of DDV's issuer survey carried out at the end of the year. All important issuers took part, representing 95 percent of the German market. Three quarters of the certificate providers who were questioned expect the market for investment and leveraged products to continue its positive development in the first half of 2011.

Strongly competing for the favour of investors

There are, however, a few important changes to be observed. Providers' efforts in matters of trading quality and transparency are under even stricter scrutiny by customers and the media. At the same time, it is becoming easier to compare services and the products being launched. All this entails stiff competition for the favour of investors, a trend that most issuers think is likely to continue in 2011. According to the

survey, they expect competition to concentrate on service and quality. Half of the respondents consider an improvement in services to be decisive, while one third expect product quality to be the overriding success factor.

Simple rather than complex

At the same time, issuers have learned from the criticism levelled at the structure of the products and have responded to the change in demand patterns shown by investors. Two thirds of the survey respondents, for instance, were unanimous in their opinion that simply structured certificates were likely to dominate the products portfolio in the future, a development that can also be seen in the nomenclature of the products. In the past many issuers of certificates tried to stand out from the competition by giving their products very distinctive names. This trend seems to have been broken. At the same time, the industry has agreed on a standard product classification and harmonised the technical terminology used to describe the products.

“Keen competition and the trend towards simple products are signs that the certificates industry is undergoing a maturing process. In future providers will focus on optimising and enhancing services for investors.”

Lars Brandau, Managing Director at DDV



Classical products dominate

In 2011 classical products will dominate the market for investment certificates. In the opinion of more than one third of issuers, capital protection certificates will probably be the products most sought after. One in every five, on the other hand, expects there to be greater demand for bonus certificates, while an equal number of issuers see reverse convertibles as being the product category of choice. More than 70 percent of issuers estimate that indices will be the underlying most favoured by investors. So banks will mainly offer the tried and tested standard products that have been known for many years. Even now almost 98 percent of exchange-traded investment certificates are capital protection, tracker, discount and bonus certificates, along with reverse convertibles.

A suitable product for every investor

In the estimation of somewhat more than half the respondents, there will be significantly more than 500,000 products to choose from in 2011.

This vast amount of choice is not a disadvantage, but an enormous advantage for investors. Every private investor can find a security that matches their personal risk/reward profile and market expectations, and the keen competition between issuers will ensure that investors are offered the desired product at a fair price.

On the whole, the increasing competitive pressure and the trend towards less complexity in the case of structured products lead to the conclusion that the certificates industry is passing from the growth phase into the maturing phase. There can be no doubt that this development will directly benefit private investors through even better service and better product quality at stable prices.

Political communication: the core of the association's work

There can be no doubt that 2010 was a challenging year for DDV. Whether product regulation or investor protection – many of the key issues for the association and its members were high up on the political agenda. The year saw numerous legislative initiatives and a dramatic increase in governmental regulation: a review.

→ Last year DDV was concerned with a broad spectrum of political issues and intensively participated in shaping political opinion. The association analysed parliamentary initiatives and government projects, writing reports and statements, and making submissions. In a broader circle and in numerous discussions

with political decision-makers, the management of the association and those heading the responsible DDV committees put across the standpoint of the certificates industry. DDV was and still is not only concerned with the interests of issuers, but constantly has the interests of private investors in mind as well.

The topics of 2010

The most important items on the political agenda in key words:

Investor protection

- Act on the Prevention of Improper Securities and Derivatives Transactions
- Draft of an Act on Strengthening Investor Protection and Improving the Functionality of the Capital Market

Product transparency

- Product information sheet, Key Information Document (KID)

Tax

- Annual Tax Act 2010
- Possible introduction of a financial transaction tax

Further topics

- Circular of the Federal Financial Services Authority (BaFin) concerning the Minimum Requirements for the Compliance

Function and Additional Requirements Governing Rules of Conduct, Organisation and Transparency pursuant to sections 31 et seq. of the Securities Trading Act for Investment Services Enterprises (MaComp): presentation of performances in the past

- Amendment to the Investment Prospectus Fees Regulation and the Securities Prospectus Fees Regulation
- Roundtable of the Bavarian State Ministry of Justice and Consumer Protection on "Finance, Consumers, Trust"

Public hearings of the Finance

- Committee of the German Bundestag**
- Hearing on the Regulation of the Financial Markets/Financial Transaction Tax on 17 May
- Hearing on the Draft of an Act on the Prevention of Improper Securities and Derivatives Transactions on 16 June
- Hearing on the draft version of the

Annual Tax Act 2010 on 29 September
→ Hearing on the Draft of an Act on Strengthening Investor Protection on 1 December

Further hearings

- Hearing of the German Federal Ministry of Finance (BMF) on the first Draft of an Act on Strengthening the Stability of the Financial Markets on 27 May
- Hearing of the German Federal Ministry of Finance (BMF) on a Draft of an Act on Strengthening Investor Protection on 31 May

Europe

- Consultation on legislative steps for the implementation of the Packaged Retail Investment Products (PRIIPs) initiative
- Consultation to review the Markets in Financial Instruments Directive (MiFID)



Last year the effects of the crisis in the financial markets continued to determine government policy. Confronted by a loss of confidence among the general public and unanimous in the wish not to burden only taxpayers with the consequences of the crisis in the financial markets, political decision-makers saw themselves forced to take measures of great symbolic value, even when experts advised otherwise. This put the financial sector in a difficult situation and naturally affected the certificates industry as well.

The government, for instance, wanted to place a ban on naked short selling. This would have made it impossible for issuers to carry out essential hedging transactions. If the Act had come into force as drafted in the first Bill, this would have meant the end for large sections of the certificates industry. Despite the extreme time pressure with which legislators rushed the Bill through all parliamentary instances, DDV succeeded in preventing this unintended collateral damage.

The Act on Strengthening Investor Protection and Improving the Functionality of the Capital Market had significant effects on the certificates industry. The introduction of product information sheets will greatly improve product transparency and investor protection. DDV

made efforts to ensure, inter alia, a reasonable and uniform implementation period for 'package leaflets'. Although DDV and its members have prepared specimen product information sheets for all eleven product categories, the implementation and the technical and organisational work that this involves for the member banks should not be underestimated. One of DDV's central demands, incidentally, was that the obligation to prepare a product information sheet should be limited to cases when investors are given investment advice. Any different requirement would have cost the industry millions of euros, without doing anything to improve investor protection.

In the year under review DDV also concerned itself with numerous tax issues. Some examples are the financial transaction tax and the Annual Tax Act 2010. In all these tax questions DDV is not so much concerned with warding off additional burdens for the industry as with ensuring suitable tax solutions for investors so that certificates remain attractive as a financial product. The parliamentary legislative processes in 2010 were also accompanied by many public hearings to which DDV was invited. Here the association offered its expertise and represented the interests of the industry in oral and written submissions.





Newsletter for political decision-makers

Since November 2010 DDV has been publishing a newsletter by the name of INFORUM which specially addresses political decision-makers and journalists. In future it will be reporting on the certificates industry several times a year and taking a clear stand on the various issues.

Not only parliament and the government are important contacts for DDV, but also the Federal Financial Supervisory Authority (BaFin). Last year, the amendment to the German Securities Prospectus Fees Regulation was of central importance for the industry. DDV made efforts to ensure that the burden of fees for the industry was commensurate with the actual work and effort involved for the supervisory authority. After a very thorough and extensive study of its work effort, BaFin noticeably reduced the deposit fee per German securities code. For the certificates industry this means an enormous reduction in costs, not merely once, but on a sustained basis.

Although political communication with decision-makers on a national level is of uppermost importance for DDV, the association is also active at federal state level and in Europe. DDV delegates, for example, took part in the intensive Roundtable discussions of the Bavarian State Ministry of Justice and Consumer Protection on the subject of “Finance,

Consumers, Trust”. On the other hand, DDV has supported the European umbrella association, eusipa, in political communication in Brussels, which is becoming increasingly important for the certificates industry. DDV delegates have conducted numerous face-to-face discussions with Members of the European Parliament (MEPs) and officials from the EU Commission concerning current regulatory proposals on a European level.

2010 saw the first publication of INFORUM, DDV's newsletter for political decision-makers. With this publication DDV participates in political discussions and in shaping opinions. Several times a year the most important information on certificates and the industry is presented to readers in a clear and intelligible form. The newsletter not only contains all the latest news from the association, but also facts and figures concerning the industry. Each issue is devoted to a special theme. The first was “Transparency – the silver bullet?”

Political communication at federal state, German and European level

European umbrella association: new members, new initiatives

DDV is not only active in Germany, but in Europe as well. In collaboration with partner associations in eusipa, the European umbrella association, it represents the interests of the industry in dealings with the European Parliament, the European Commission and ESMA, the new European Securities and Markets Authority.



→ The European Structured Investment Products Association (eusipa) is committed to establishing fair and attractive framework conditions in Europe so that national markets can converge to form a Europe-wide derivatives market. The European umbrella association follows parliamentary initiatives and the regulatory proposals of the Commission, giving its opinion on all questions of relevance for the European certificates industry. It is becoming increasingly important to establish and cultivate contacts with the new European Securities and Markets Authority (ESMA).

In addition to representing political interests, the members of eusipa have set themselves the task of creating market standards and strengthening investor protection with a code of conduct which all members undertake to adhere to. A further objective is to increase product transparency with rating initiatives.

Since the beginning of 2010, this European umbrella association has welcomed France and Sweden as new members, joining Austria, Germany, Italy and Switzerland.

eusipa: members and committees

Members

- Associazione Italiana Certificati e Prodotti di Investimento (ACEPI)
- Association Française des Produits Dérivés de Bourse (AFPDB)
- Deutscher Derivate Verband (DDV)
- Swedish Exchange Traded Investment Products Association (SETIPA)
- Swiss Structured Products Association (SSPA)
- Zertifikate Forum Austria (ZFA)

General Assembly

- Mag. Heike-Dietlind Arbter (ZFA)
- Tommy Fransson (SETIPA)
- Ugo Giordano (ACEPI)
- Thibault Gobert (AFPDB)
- Klaus Oppermann (DDV)
- Roger Studer (SSAP)

General Secretary

- Dr Ralf Fischer zu Cramburg

Board of Directors

- Reinhard Bellet (President)
- Roger Studer (Vice President)
- Tommy Fransson (SETIPA)
- Ugo Giordano (ACEPI)
- Thibault Gobert (AFPDB)
- Dr Hartmut Knüppel (DDV)
- Eric Wasescha (SSAP)
- Frank Weingarts (ZFA)

Outlook for 2011: Exciting times in Berlin and Brussels

In the following interview Dr Hartmut Knüppel, CEO and Member of the Board of Directors, expresses his views on investor protection, self-regulation and the future challenges faced by the certificates industry on both a German and a European level.

Dr Knüppel, 2010 was a year when the financial sector was confronted by increasing government regulation, not only in Germany, but in Europe as well. Is this an understandable development?

Dr Knüppel: In view of the strong impact of the crisis on the financial markets, politicians are naturally under enormous pressure to act. So they've put investor protection and the transparency of financial products in Germany and Europe right at the top of the political agenda. DDV and its members also follow these objectives, as only satisfied investors continue to invest in certificates. As an association, we favour self-regulation, wherever possible. This means that we can react faster and achieve better results in case of doubt.

An important planned regulation for 2011 is the Investor Protection Act. Can the industry live with this?

With the Investor Protection and Improved Functionality Act the government have managed to keep a sense of proportion when it comes to regulation – at least as far as the certificates industry is concerned. In future, product information sheets will also become obligatory for the first time when investors are being given advice. These 'package leaflets' for financial products are certainly a milestone on the way towards more product transparency in the interests of investors.

Critics contend that self-regulation has not worked in the case of product information sheets...

The certificates industry certainly doesn't have to accept that criticism. It launched a transparency initiative long before legislators put their thinking caps on and specimen product information sheets have been produced for all eleven certificates categories. On three pages, they describe the main features of a certificate and help investors to find the decisive facts in the barrage of financial information. At the same time, the DDV product information sheets not only fulfil the requirements of the Investor Protection Act, but already meet the criteria contained in the new European directives that are in the pipeline. With the option of a certificate rating they even go beyond these requirements.

Do product information sheets not merely mean more red tape for banks?

The introduction of the product information sheets naturally means an awful lot of work and expense for banks, but they also offer an opportunity. In the past, investors have suffered many avoidable disappointments. One of the reasons for this was that in many cases investors weren't sufficiently well informed about how the products they were buying worked nor about the risks and opportunities involved. Product information sheets help to solve this problem and will certainly help to create new trust.

“No law and no code of conduct can guarantee investors gains in the capital market or protect them against losses when they take risks. Investors are mature adults, also in financial matters and are responsible for their financial decisions. DDV sees it as an important task to help them here with clear and reliable information.”

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



This sounds as if product information sheets are a panacea for all ills.

Everyone should be clear about one thing: no product information sheet, no law and no code of conduct can guarantee investors gains in the capital market or protect them against losses when they take risks. Investors are mature adults, also in financial matters, and are responsible for their financial decisions. DDV and its member banks see it as an important task to help them here with clear and reliable information, but ultimately it's always the investor who takes the decision.

Is Germany going it alone with the product information sheets or is Brussels doing anything as well?

For the investment fund industry there are already specific European requirements that Germany has to implement by the middle of the year. It is likely that within the framework of the PRIIPs Initiative we can reckon with comparable European requirements for other financial products, including certificates. A great challenge facing us now is to coordinate the different regulatory projects in Brussels and Berlin so that our industry does not find that it has to carry out the same work twice and is not exposed to superfluous pressures.

To what extent can DDV in Europe count on the support of other certificates associations?

Indeed certificates are a recent German innovation. They're even younger than German unifi-

cation, but they're very successful in more and more European countries – and justifiably so. These countries include Switzerland, Austria, France, Italy and the Scandinavian countries. They all have industry associations that have united in the European umbrella organisation eusipa, based in Brussels. In consultation with eusipa, we have a lively exchange of information and opinions with the European Commission and the European Parliament. In addition, DDV intends to use eusipa as a means of establishing and cultivating contacts with the new Paris-based European Securities and Markets Authority (ESMA), whom we wish to support with our special expertise.

What are DDV's plans for 2011?

We're a political interest group that advocates more transparency, education and investor protection. Our transparency and training initiatives for private investors will therefore play a central role in 2011. In future, we'll always take a clear stand when the plans of political decision-makers on a national and a European level fail to benefit investors, while at the same time causing an unreasonable amount of work and effort for our members. In general it can be said that we're strictly against the 'transparent' citizen and 'transparent' bank customers, but at the same time we're in favour of transparent financial products and a transparent representation of interests.

The interview was conducted by
Prof Dr Klaus Gourgé.

Projects in 2010: product transparency and information for investors

Investors who wish to successfully invest in certificates need to understand how these financial products work. It is therefore one of the most important tasks of the association and its members to provide private investors with product information that is transparent and easy to understand. In 2010 the association once again launched various initiatives to support this objective.

**Quality comes before quantity –
this is also true of information.**

→ How much information and what information do investors need in order to take an informed decision? Sometimes less means more. This insight is now gaining ground in matters of investor protection. For private investors often find themselves confronted with excessive information so that they can hardly absorb what is really useful and worth knowing. DDV, in collaboration with its member banks, has therefore prepared product information sheets for each

of the eleven categories of certificates. On just three pages they contain all the important facts that private investors need to know in order to take an investment decision.

A further initiative that also serves to provide a better understanding of certificates was the introduction of standard terminology in 2010. You can find out more about this, the DDV educational initiative and further activities in 2010 on the following pages of this chapter.



More transparency in products on the one hand, training and education for investors on the other – these were the focal points of DDV's work in 2010. This included:

PRODUCT TRANSPARENCY

- Product information sheets
- Standard terminology

TRAINING AND EDUCATION

- DDV's educational initiative: online certificates training
- Book: Discount Certificates – the classics
- A much broader scope of information on our website with diverse and varied information

Produktinformationsblatt
Stand: 1. Oktober 2010

Bonus-Zertifikat bezogen auf Aktien der Z-AG

Dieses Dokument gibt einen Überblick über wesentliche Charakteristika, insbesondere die Struktur und die Risiken der Anlage. Eine aufmerksame Lektüre dieser Information wird empfohlen.

- Produktbezeichnung/WKN/ISIN**
Bonus-Zertifikat bezogen auf Aktien der Z-AG/XYN34R/DE000XYN34R4
- Emittent**
XY-Bank
- Produktbeschreibung**
 Produktart
 Bonus-Zertifikat/Inhaberschuldverschreibung
 Markterwartung bei Ausgabe des Zertifikats (optional)
 Das Bonus-Zertifikat richtet sich an Anleger, die davon ausgehen, dass der Kurs der Aktie leicht steigt oder zumindest während des Beobachtungszeitraums oberhalb der Barriere bleibt.
 Allgemeine Darstellung der Funktionsweise

Eckdaten	
Erfahrungen zu den Begriffen finden Sie unter www.derivateverband.de unter der Rubrik „Wissen“	
Basisswert (WKN/ISIN)	Aktie der Z-AG (123456/DE0001234561)
Währung des Bonus-Zertifikats	EUR
Währung des Basiswerts	EUR
Ausgabebetrag	2. März 2010
Anfänglicher Ausgabepreis	EUR 26,71
Kurs der Aktie bei Ausgabe des Zertifikats	EUR 26,71
Bonusbetrag	EUR 35,52 (133%)
Barriere	EUR 16,03 (60%)
Beobachtungszeitraum	2. März 2010 – 28. Juni 2013
Referenzpreis	Schlusskurs der Aktie (Xetra) am Bewertungstag
Bewertungstag	28. Juni 2013
Fälligkeitstag	Drei Bankgeschäftstage nach dem Bewertungstag
Bezugsverhältnis	1,0
Kleinste handelbare Einheit	1 Zertifikat
Börsennotierung	Stuttgart (EUWAX), Frankfurt (Soeach Premium)
Letzter Börsenhandelstag	27. Juni 2013

Bei diesem Bonus-Zertifikat erhält der Anleger am Fälligkeitstag einen Auszahlungsbetrag, dessen Höhe von der Kursentwicklung der Aktie abhängt.

a) Notiert die Aktie im Beobachtungszeitraum nie auf oder unter der Barriere, entspricht der Auszahlungsbetrag dem Bonusbetrag, mindestens aber dem Bonusbetrag.

b) Notiert die Aktie im Beobachtungszeitraum mindestens einmal auf oder unter der Barriere, entspricht der Auszahlungsbetrag nicht mehr mindestens dem Bonusbetrag, sondern immer dem Referenzpreis.

Während der Laufzeit erhält der Anleger keine laufenden Erträge (z. B. Dividenden oder Zinsen).

5. Risiken
Allgemeine Risikokennzahl nach DDV (optional)

1	2	3	4	5
			X	

Bedeutung der Risikokennzahl/Anlegerprofil
 1 sicherheitsorientiert
 2 begrenzt risikobereit
 3 risikobereit
 4 vermeintlich risikobereit
 5 spekulativ

Die Risikokennzahl ist ein Indikator für die mögliche Wertentwicklung des Bonus-Zertifikats und das Risiko in Bezug auf das Zertifikat. Das Risiko pro Zertifikat wird unter Verwendung historischer Daten auf Basis der Wahrscheinlichkeit eines Kursrückgangs für das Bonus-Zertifikat bestimmt. Die oben angegebene Zahl wurde von einer unabhängigen Institution auf Basis der Ergebnisse der Auswertung des Bonus-Zertifikats berechnet. Die Risikokennzahl des Bonus-Zertifikats kann sich jedoch ändern. Bitte unter www.derivateverband.de prüfen, ob sich die Risikokennzahl geändert hat. Informationen zur Risikokennzahl unter www.derivateverband.de unter der Rubrik „Transparenz“.

Laufzeitende
 Die Laufzeit des Bonus-Zertifikats beginnt am 2. März 2010 und endet am 28. Juni 2013. In diesem Zeitraum ist der Kurs der Aktie gegenüber dem Kaufpreis des Bonus-Zertifikats wertlos ist.

Risiko während der Laufzeit
 Bonus-Zertifikats während der Laufzeit kann insbesondere durch die unter der Ziffer 3 genannten marktpräzise bestimmenden Ereignisse beeinflusst werden und auch deutlich unter dem Kaufpreis liegen.

Kreditrisiko (an den jeweiligen Emittenten anzupassen)
 Das Risiko einer Insolvenz und somit einer Zahlungsunfähigkeit des Emittenten ist mit dem Kaufpreis des Bonus-Zertifikats verbunden. Angaben zum maßgebenden Rating unter www.beispielseite.de. Das Bonus-Zertifikat unterliegt als Inhaberschuldverschreibung keiner Pfändung.

Vergütungen
 Der Emittent kann dem Anleger während der Laufzeit Vergütungen zahlen. Die Höhe dieser Vergütungen wird im Belegtext des Bonus-Zertifikats angegeben.

Ende Hinweise
 Bitte beachten Sie, dass dieses Produkt steuerliche Auswirkungen des Erwerbs, Haltens und der Veräußerung bzw. Rückzahlung des Produkts enthalten kann. Bitte Ihren Steuerberater konsultieren.

Wichtige Hinweise
 Produktinformationsblätter enthalten Produktinformationen sind keine Empfehlung zum Kauf oder Verkauf des Produkts und können eine individuelle Beratung durch die Bank oder einen Berater des Anlegers nicht ersetzen. Dieses Produkt enthält nicht alle relevanten Informationen für das Bonus-Zertifikat. Für vollständige Informationen, insbesondere über den Kurs der Aktie, den Endgültigen Bedingungen und eventueller Nachträge bei der XY-Bank kostenlos erhältlich unter www.xy-bank.de herunter geladen werden kann.

Produktinformationsblatt enthaltenen Informationen gelten zum 1. Oktober 2010.

PRODUCT TRANSPARENCY

Product information sheets for all product categories

Since October, the German Derivatives Association has been publishing specimen product information sheets on its website for all eleven categories of the DDV product classification.

With this compact information, also known as 'package leaflets', investors can very quickly find the facts they consider relevant for a financial product. Each of the eleven DDV product information sheets describes the main features of the certificate in question on just three pages. This gives investors an important decision basis when looking for a product that matches their market expectations and risk preference. At the same time, the association's product information sheets already fulfil the requirements of the forthcoming German Investor Protection Act (Anlegerschutzgesetz) and the requirements

emerging on a European level. DDV even goes beyond these legal requirements. Members, for instance, have two additional options when designing their product information sheets. First of all, they can publish a general risk ratio for the certificate in question, calculated by an independent institution with five risk categories ranging from 1 (safety-oriented) to 5 (speculative), and secondly they can give a general assessment of the certificate in question on the basis of a product rating of between zero and five stars.

With its specimen product information sheets, the association is responding to the justified political demand for more product transparency. The association and its 18 members are working closely together. This clear investor information is an important part of the long-term transparency initiative. In this way DDV is also setting a new market standard.

The certificates industry anticipates investor protection.

Everything that's important on three pages



Fachbegriffe für Zertifikate, Aktienanleihen und Optionsscheine

Standards und Definitionen

Die Zahlen hinter den Produktkategorien entsprechen den Nummern der Produktklassifizierung des europäischen Dachverbands. Weitere Informationen unter www.esipa.org.
Stand: Oktober 2010

Referenzpreis	Beschreibt den zur Berechnung des Auszahlungsbetrags heranzuziehenden Preis/Kurs/Stand des Basiswertes am dem Bewertungstag	Reference Price	The price of the Underlying on one or more Valuation Dates which is used to calculate the Cash Amount.
Sprint-Zertifikate <small>esipa 1240</small>	Sprint Certificates <small>esipa 1240</small>	Quanto	A special form of currency hedging where a (foreign) currency is converted into the issue currency of the Financial Instrument at a predetermined rate (usually at a 1:1 ratio).
Basispreis	Der Basispreis ist ein bei Emission der Zertifikate festgelegter Kurs des Basiswertes; wird der Basispreis am Bewertungstag vom Marktpreis des Basiswertes überschritten, geht die (prozentuale) Überschreitung des Basiswertes multipliziert mit dem Partizipationsfaktor in die Berechnung des Auszahlungsbetrags ein.	Cash Amount	Amount paid by the issuer at Maturity.
Höchstbetrag	Der maximale Betrag, der bei Fälligkeit gezahlt wird.	Partizipationsfaktor	Variable used in the calculation of the Cash Amount to increase/decrease the participation in the performance of the Underlying.
Cap	Festgelegter Kurs des Basiswertes bis zu dem der Anleger an den Kursentwicklungen des Basiswertes partizipiert. Erreicht der Marktwert des Basiswertes den Cap, wird der Höchstbetrag gezahlt.	Capital Protection Certificates <small>esipa 11</small>	
Cap	Predefined level of the Underlying up to which the investor participates in the price development of the Underlying. If the market value of the Underlying reaches the Cap, the Maximum Amount shall be payable.	Capital (Protection) Amount	Predefined minimum Cash Amount payable at maturity which is equal to the capital invested for the purchase of the Capital Protection Certificate (regardless of fees or other costs) at issue (alternatively, the term "Minimum Amount" can be used).
Optionsscheine <small>esipa 2100</small>	Warrants <small>esipa 2100</small>	Minimum Amount	Predefined minimum Cash Amount payable at maturity which can be below the capital invested for the purchase of the Capital Protection Certificate at issue which does therefore not guarantee a pay-off equal to the capital invested for the purchase.
Optionsscheintyp Call	Type Call	Partizipationsfaktor	see general Definitions
Kaufoption, die dem Käufer das Recht einräumt (den Käufer aber nicht verpflichtet), eine bestimmte Menge des zugrunde liegenden Basiswertes am Ausübungstag zum festgelegten Basispreis zu kaufen.	Option which entitles (but does not obligate) the purchaser to buy on the Exercise Date a fixed amount of an Underlying at a fixed Strike.		
Anstelle des Bezugs des Basiswertes tritt bei Call-Optionsscheinen mit Barausgleich ein Barbetrag, der der Differenz entspricht, um die der aktuelle Preis des Basiswertes am Ausübungstag den Basispreis überschreitet.	In the case of a Call Warrant with cash settlement the Warrant Holder will receive, instead of the delivery of the Underlying against payment of the Strike, a Cash Settlement Amount equal to the difference between the Strike and the exceeding market price of the Underlying on the Exercise Date.		
Optionsscheintyp Put	Type Put		
Verkaufsoption, die dem Käufer das Recht einräumt (den Käufer aber nicht verpflichtet), eine bestimmte Menge des zugrunde liegenden Basiswertes am Ausübungstag zum festgelegten Basispreis zu verkaufen.	Option which entitles (but does not obligate) the purchaser to sell an Underlying at a fixed Strike on the Exercise Date.		
Anstelle der Lieferung des Basiswertes tritt bei Put-Optionsscheinen mit Barausgleich ein Barbetrag, der der Differenz entspricht, um den der Preis des Basiswertes am Ausübungstag den Basispreis über (Call-Optionsscheine) bzw. unterschreitet (Put-Optionsscheine).	In the case of a Put Warrant with cash settlement the Warrant Holder will receive, instead of the payment of the Strike against delivery of the Underlying, a Cash Settlement Amount equal to the difference amount by which the Strike exceeds the market price of the Underlying on the Exercise Date.		
Basispreis	Strike		
Bei Optionsscheinen mit physischer Lieferung bezeichnet der Basispreis den Preis, zu dem der Basiswert bei Ausübung des Optionsscheins gekauft/verkauft werden kann.	Price on the basis of which the intrinsic value of the Warrant is calculated or the price at which the Underlying can be purchased/sold in case of exercise.		
Bei Optionsscheinen mit Barausgleich dient der Basispreis der Berechnung des Auszahlungsbetrags; der dem mit dem Bezugsverhältnis multiplizierten Betrag entspricht, um den der Preis des Basiswertes am Ausübungstag den Basispreis über (Call-Optionsscheine) bzw. unterschreitet (Put-Optionsscheine).	In the case of cash settled Warrants the Strike is used for the calculation of the Cash Settlement Amount which is determined as the difference amount multiplied with the ratio by which the Strike is exceeded by (in the case of Call Warrants) or exceeds (in the case of Put Warrants) the price of the Underlying on the Exercise Date.		

A single issue – a single term

Standard terminology for certificates and options

A prime concern of DDV and its members is to continuously enhance the transparency of the products and make them easier to understand. After the industry had already created an important standard by introducing a product classification known as the Derivatives League, a further milestone was reached in 2010. Issuers and stock exchanges agreed on standard definitions for the most important technical terms for certificates, reverse convertibles and warrants. Until then each issuing bank had used its own 'in-house' terminology to describe their certificates. However, the linguistic creativity and diversity this created did not always make it easy for investors to compare products. To take an example: in the case of bonus certificates, it was once customary to speak of kick-out level, protect level, price threshold, barrier amount or limits. All these terms meant

the same thing, namely the barrier. This is the price of the underlying that the certificate must not hit or fall below during its lifecycle if the bonus is to be paid out.

The standardisation of the terminology is a further important step taken by the certificates industry in enhancing product transparency and thus in ensuring better protection for investors. Admittedly, there is nothing to force issuers to use the standard terminology, but as this standardisation is in the interests of all investors, most members have already started to adopt these standard terms. The process is likely to be almost completed by the end of 2011. A DDV publication explains the terms in both German and English. The new code of conduct contains a total of 47 key terms.

An important market standard becomes generally accepted



Certificates rating: five stars for the best

PRODUCT TRANSPARENCY



An indispensable compass: the certificates rating

From the very beginning DDV has advocated the scientifically sound rating of investment certificates and leveraged products. Factors relevant for an investment decision need to be taken into account, such as costs, trading quality, the issuer's credit quality and the provision of information. Product ratings are a milestone on the way towards even more product transparency. As an objective benchmark of quality, they allow investors to compare various offers, to identify possible products for an investment and in this way to select the most suitable financial product. These ratings offer a guideline to both private investors and customer advisers, supporting them in their investment decisions. This means that the rating is simultaneously a key element in the efficient self-regulation of the certificates markets.

Investors who also wish to find out about the credit quality of an issuer can use the credit spreads that DDV publishes every day on its website. The simple rule applies that the lower the spread, the lower the risk of default and the better the credit quality.

On the newly designed DDV website it is very easy to find more than 160,000 certificates ratings of the EDG, Scope and IZA rating institutes. Click on *Transparenz* (transparency) and then on the first keyword, *Zertifikate-Ratings* (certificates ratings). After that, either enter the German securities code (WKN) or the international security identification number (ISIN) of the desired certificate.



The distinctive office block of DZ BANK, designed by star architect Frank O. Gehry, accommodates DDV's Berlin office.

DDV summary profile

Established on 14 February 2008 in Frankfurt am Main as an industry representative body of the 18 leading issuers of derivative securities in Germany, DDV represents around 95 percent of the overall market. With offices in Frankfurt and Berlin, DDV serves as a political interest group in Brussels and Berlin.

Political communication

The active exchange of opinion with political decision-makers and supporting legislative initiatives count among the key tasks of the association. DDV is a point of contact for politicians in all matters concerning the certificates industry; offering its expert knowledge, it actively contributes to the shaping of political opinion in both Germany and Europe. In addition, the association conducts intensive discussions with the regulatory authorities such as the Federal Financial Supervisory Authority (BaFin) and the German Bundesbank.

Media and public relations work

Through its media and public relations work, DDV provides information on general and current topics concerning the certificates markets. It releases media statements, holds media conferences and offers a diverse range of information for all who are interested. As the Internet is increasingly becoming the leading media channel, DDV is constantly expanding its online services. Furthermore, the events organised by DDV are popular forums for personal exchanges of opinions.

Further tasks

Better investor protection and more transparency with products that are easy to understand are further important concerns of the association. Together with its members and sponsoring members it makes efforts to promote standards throughout the industry. Various active self-regulation measures are designed to render government regulation redundant.





TRAINING AND EDUCATION

Educational initiative: a smattering of knowledge is not enough

Since 2010 DDV's educational initiative has included a three-stage learning programme. From interested beginners to experienced investors who take their own decisions, investors have the opportunity to broaden their knowledge about certificates at <http://schulung.derivateverband.de> and can test what they have learned.

In addition to enhancing product transparency and improving investor protection, information for investors is one of the association's major aims. With its educational initiative, DDV shows that the certificates industry focuses on mature and informed investors. The more investors know about the risks and rewards, the better they can handle innovative financial products like certificates, reverse convertibles and warrants. With the DDV training programme, the association aims to provide all investors with a specific benefit.

The first training module teaches basic information. Part 2 describes various investment products such as bonus certificates. The special features of various types of certificate are taught on the basis of brief descriptions. Furthermore, participants can expect a short film on each product, based on DDV's Derivatives League product classification. With the second part of the training programme, the association aims to raise awareness among investors of the special features of the individual investment products. For the general principle of only buying products that you understand also applies to certificates.

The third part of the training module teaches special knowledge on the subject of certificates. In this way investors can find out, for example, more about the factors that influence the value of a certificate and how a change in the price of the underlying, for instance, can affect the certificate in question. In addition, Part 3 explains the various risk classes and



shows how investors can identify suitable products to match their risk preference.

The entire learning programme is also provided free of charge on a learning CD. Participants successively progress through the three teaching units and only move on to the next level if they have correctly answered the test questions asked in the previous unit. Investors who successfully conclude all three modules of the online version can have this confirmed in the form of a certificate.

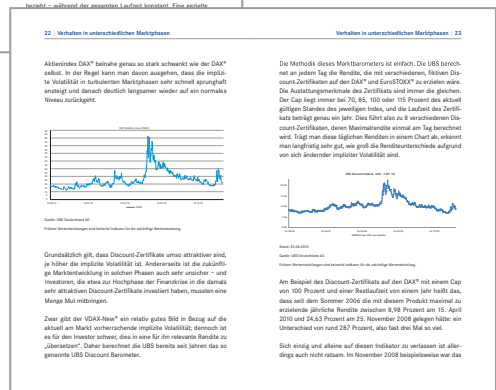
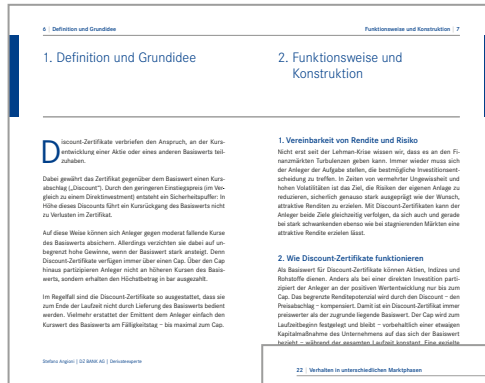


Simply register and you are all set. Investors who pass all three units of the training course can have this confirmed in a certificate.

TO DDV'S ONLINE TRAINING COURSE:

→ <http://schulung.derivateverband.de>

WWW



Concentrated knowledge in printed form

Practical knowledge from experts



“Discount-Zertifikate – Die Klassiker” (Discount Certificates – the classics)

In 2010 one of the most successful class of certificates celebrated its anniversary. It was 15 years ago that discount certificates were traded for the first time in Germany. Today they are among the investment certificates with the highest trading volumes on stock exchanges. They were also in heavy demand among investors in 2010.

DDV has published a book on the subject called “Discount Certificates – the classics”. It specially addresses those who are more or less beginners as far as certificates are concerned. The many articles originate from experts of DDV's member institutions. The book therefore offers a wealth of practical knowledge and discount certificates are discussed from many different points of view. This ensures that readers can start almost anywhere in the book and read about the subjects that are of particular interest to them.

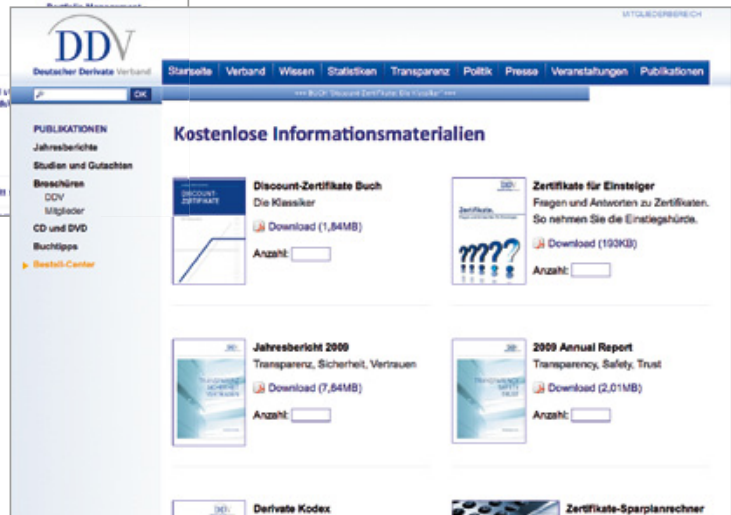
The meteoric career of a product idea

Discount certificates are regarded as being the brainchild of Dr Thomas Zwirner. Excerpt from a discussion with DDV.

Dr Zwirner, what caused you to develop the new product class of discount certificates at that time?

“I wish I could say that the inspiration came to me under the shower, but the story is less exciting. To be honest, we were looking for a way of optimising the investment for our customers from a tax point of view. The team then followed the idea through to the end. The result was the purchase of an underlying and the simultaneous sale of a call in one security.”

The full interview with Dr Thomas Zwirner can be found in the book introduced on this page.



The association's newly designed web presence offers a whole number of services. And those who find that the services offered online are not enough can order further reading material free of charge at our Order Centre.

Even more insight offered on the Internet

In 2010 the association redesigned its online offer, making it even clearer and more user-friendly. The clear structure of the new Internet presence makes it easier to find what you are looking for among the ample information and services. One of the new features is the calendar with dates of political interest in Berlin and Brussels. It can be transferred to your personal electronic schedule with just a few clicks. This is particularly practical when planning events and appointments with political decision-makers.

In another new section experts answer *Frequently Asked Questions* posed by private investors. A new question is added each week. Previous questions and answers can be accessed through the archive function and viewed at any time.

Enthusiastic use is made of new services such as the Order Centre. Visitors to the website have already ordered more than 6,000 publications here.

DDV website: Puts you in the picture

FURTHER INFORMATION AT:
 → www.derivateverband.de





The venue for the sector: the German Derivatives Day

Regulation and investor protection dominated the talks, panel discussions and conversations at the German Derivatives Day.

New trust: Product transparency, education and information for investors

On 4 October the German Derivatives Day was held at Villa Kennedy in Frankfurt am Main. It is a venue for issuers, politicians and journalists from Germany and other European countries. This DDV conference has now become tradition. It is the venue for the industry and also a forum for discussing topics of current interest relating to the financial markets, with innovative financial products – such as certificates – playing an important role. More than 300 guests had the opportunity to listen to talks held by renowned experts, to hold discussions with the participants and to contribute their views.

This year, particular attention was paid to financial policy and the requirements of politicians and regulatory authorities. In his opening remarks, Dr Hartmut Knüppel emphasised:

“We have accepted the challenge of gaining new investor trust with our transparency and education initiative. We have achieved a great deal here, but there is still much to be done.” In some respect DDV is even ahead of politicians' requirements. This was confirmed by Michael Sell, Chief Executive Director at the Federal Financial Supervisory Authority (BaFin), in his talk on “Investor Protection in the Financial Industry – what can the sector expect?”

A very special highlight of the German Derivatives Day was the talk held in the afternoon by Roland Koch, former Minister President of the German federal state of Hesse, on questions concerning the regulation of the financial markets between national interests and global challenges. After that, financial experts from the German Bundestag held a very controversial discussion entitled “Financial Transaction Tax – overdue or superfluous?”



1 Dr Hartmut Knüppel thanks Roland Koch for his interesting talk, which made a great impression on the audience // 2 Michael Sell, Executive Director at BaFin, in conversation with stock market journalist Holger Scholze



Those taking part in the debate included German MPs from the parliamentary Finance Committee, Ralph Brinkhaus (CDU), Frank Schäffler (FDP) and Dr Carsten Sieling (SPD). A further guest celebrity providing a touch of variety was

Felix Magath. The management board member with responsibility for sport/communications and chief coach of FC Schalke 04 explained to Lars Brandau why he invests in equities, investment funds and certificates.



Debate on the financial transaction tax between financial experts of the parliamentary groups.

From left to right: Dr Carsten Sieling (SPD), Frank Schäffler (FDP), Ralph Brinkhaus (CDU)

“Certificates have a place in my portfolio”

At the German Derivatives Day, Roland Koch, former Minister President of the German federal state of Hesse, gave a talk on the regulation of financial markets between national interests and global challenges. Afterwards, he gave an interview on financial products and certificates in particular.



Roland Koch was Minister President of the German federal state of Hesse from 1999 until 2010.

Mr Koch, do you think that financial products for private investors are transparent?

Koch: Among the financial products for private investors there are numerous alternatives that are sufficiently transparent. Private investors need to inform themselves in detail about these products and make good use of the information on offer. I wouldn't advise investing in products that you don't really understand because you're driven by the potential returns or a sense of adventure.

Do you find anything lacking in the advice given to private investors?

When less experienced private investors take investment advice they must be able to rely on getting advice that's not motivated by profit margins, but focuses on products and the long-term benefits for the customer. This trust has been partly destroyed. The trust that has been lost cannot be rebuilt merely by keeping minutes of the advice given to investors, but only if banks change their attitude.

What do you think of certificates?

The certificate culture has its origins in Germany and enjoys worldwide respect. As far as innovative products from Germany for private investors are concerned, we should quite openly and frankly show our advantages and experience, and we should be proud of them.

Are certificates part of your portfolio?

In the past I've been more interested in political questions than in the various forms of investment. But the answer is nevertheless yes. Theory alone is not enough for me to experience and understand economic processes and if I am to judge certain matters, I also need to gain practical experience. This is another reason why certificates have a place in my portfolio. I myself have never yet been disappointed by this form of investment. For me, certificates belong to the high-yield, medium-term investments.

“Certificates are a good form of hedging”

Felix Magath, management board member with responsibility for sport/communications and chief coach of FC Schalke 04, explained at the German Derivatives Day why he invests in securities like equities and certificates, but does not touch football shares.

Mr Magath, what do football and the stock exchange have in common?

Magath: Football and the stock exchange have a few things in common. Both are fast-paced businesses where something unexpected can always happen. As a football coach and also as an investor you need to take decisions, even if there's a risk of making mistakes.

How is it that you, as a football expert, show so much interest in investments?

At the beginning of the 1980s I was with the Hamburger Sport-Verein (HSV). Someone in the players' milieu formed an equities investment club. And that's how I started to invest in equities.

What type of investor are you?

I invest mainly in equities. That's what I started with in the 1980s and this is what I still do today. I also buy investment fund units and certificates, but debt instruments hardly at all.

What is the make-up of your securities portfolio?

Two thirds is invested in equities and the rest in real estate and precious metals.

That is a high weighting of equities. Do you enjoy taking risks?

No. I wouldn't generally say that equities are high-risk. If I buy a share for my portfolio and hedge the risk of losses by buying an option, the risks are calculable. A similar thing is true of discount certificates.

Are you willing to take risks in your capacity as coach and manager, when investing in new players, for instance?

Similar principles apply in football as in investing. I do take risks, but they must always remain manageable.

Where do you see the advantages of certificates?

Certificates are a good form of hedging – or of getting higher returns if you have a clear opinion of a market.

“I DO TAKE RISKS, BUT THEY MUST ALWAYS REMAIN MANAGABLE.”

Felix Magath

Do you also invest in football shares, say in Borussia Dortmund?

They'd have something to say in Gelsenkirchen if I, as management board member of Schalke 04, were to buy Borussia Dortmund shares! But quite apart from the special situation with the competition, as management board member and coach I'm not allowed to own football shares anyway to avoid any suspicion of manipulation. Even if it were allowed I wouldn't touch them anyway.

As an enthusiastic chess player, you can certainly use your strategic thinking for the stock exchange, I should think?

For me, chess is the second most enjoyable game. I learned a lot about the strategy I use for football when playing chess, but it doesn't help at all when it comes to investing.



Felix Magath talking to Lars Brandau.

DDV's autumn reception: Parliamentary Evening in Berlin

In autumn DDV traditionally issues an invitation to a Parliamentary Evening in Berlin. Every event centres on a special political theme on which a renowned public figure gives an opinion.



Topic 2010: Who really governs the republic?

The autumn reception was held at Ulrich-von-Hassell-Haus, above the rooftops of Berlin, on 26 October 2010. After a brief word of welcome by Dr Hartmut Knüppel, Professor Dr Norbert Bolz, media scientist and philosopher, responded to the questions asked by Henning Krumrey, deputy editor in chief at the editorial office in Berlin of the German business magazine, *Wirtschaftswoche*.

This time the subject was: "Who really governs the republic?" Professor Dr Norbert Bolz and journalist Henning Krumrey fascinated the audience with rapid questions and some surprising answers. The clear statements of Norbert Bolz were greatly appreciated at this Parliamentary Evening. Afterwards, the members of DDV exchanged notes with representatives from politics, associations and the media in a relaxed atmosphere.

Those who are interested can take a look at some photos of the Parliamentary Evening on DDV's website. The interview later conducted with Professor Dr Norbert Bolz can be seen at the Video Center on DDV's website (www.derivateverband.de).

1 Dr Hartmut Knüppel welcomes the many guests // 2 Herbert Jütten of the Association of German Banks, and Stefan Armbruster of Deutsche Bank, Member of DDV's Board of Directors // 3 Tobias Kramer, *Der Zertifikateberater*, and Werner Brinkhoff, HSBC Trinkaus // 4 Juliane Bürger, HypoVereinsbank, and Klaus Oppermann of Commerzbank, Member of DDV's Board of Directors // 5 Ministerial Director Dr Christian Grugel in conversation with Rupertus Rothenhäuser, Macquarie, and Jan Krüger, LBBW, both Members of DDV's Board of Directors

“Always taking the safe option is a high-risk decision”

Professor Dr Norbert Bolz is a philosopher and Professor for Media and Communication Theory at the Berlin Institute of Technology. In recent years he has constantly intervened with some very trenchant comments in the socio-political debates on questions of democracy and business, and on the special role of the media.

Professor Dr Bolz, you say that taking risks is necessary for every society. At the same time, however, you say that people have a great need for safety. How does that all add up in relation to financial products?

Bolz: Financial products must be introduced to people in a kind of disguise as investors want a promise that nothing can go wrong with their investment. But at the same time the products need to be highly lucrative. As you know, you can't have both things together. It's never been possible to make returns without taking risks.

Do people in Germany need a new risk culture, as far as their finances are concerned?

Yes, people should get used to the idea that investment decisions – like all important decisions in life – involve risk. Many people are still very far away from a culture of risk. To believe that there is an option of not taking any risks at all is the biggest risk of all. Always taking the safe option is a high-risk decision.

Should the financial sector be more heavily regulated?

Politicians are not more competent than financial experts in financial questions. So, I would generally prefer self-regulation to government intervention when it comes to economic questions. Calls for regulation from the outside are mainly heard during times of crisis because confidence in those in charge breaks down. When a system works well, its subsystems are better left to regulate themselves.



Media scientist Professor Dr Norbert Bolz and journalist Henning Krumrey fascinated the audience with rapid questions and some surprising answers.

Consumer protection versus mature citizens – is there a golden mean?

More and more people are seeing that they lack the competence to successfully invest their money themselves. So they have to be able to rely on experts from the banking sector. The more complex the world is, the more we all have to rely on trust. Providers of financial services need to find a way of communicating that creates so much trust that people are willing to take on a certain amount of risk.

Award: The DDV Media Award

Good journalists as disseminators of information are needed more than ever in our information society. Competent and critical reports have helped to make certificates very well accepted among private investors. The association offers an annual DDV Media Award to distinguish journalists who have reported on structured products and the certificates markets in a well-researched manner with a succinct and articulate style.



Dr Armin Schmitz, Journalist of the Year in 2010

In April, on the eve of INVEST – the trade fair for institutional and private investors – the association distinguished business journalist Dr Armin Schmitz as the *Journalist of the Year*. He was honoured for the consistently high quality of his reporting in the *Börsen-Zeitung*. The panel of experts were unanimous in choosing Dr Schmitz, saying that he not only has many years of experience as a journalist and extensive knowledge of the industry, but has also demonstrated that it is possible to write constructively about certificates in a way that is as substantiated as it is critical. The award ceremony took place at the Art Museum in Stuttgart and was organised by Boerse Stuttgart, Scoach and OnVista.

Every year a panel of experts recognises the best journalistic achievements by awarding the DDV Media Award in the categories print (daily newspapers and magazines), online media and audio/video. The criteria for the assess-



Award-winners and presenters (from left to right): Georg Meck, Hermann Kutzer, Andreas Kock, Dr Armin Schmitz, Lars Brandau, Jürgen Röder, Joachim Spiering, José Macias, Wolfgang Raum

ment are linguistic quality, the originality of the approach and particularly intelligibility for readers and investors. With these awards DDV also wishes to encourage other journalists to tackle complex topics concerning certificates, to write about them in a way that investors can easily understand and to adopt a clear position.



Guests from European partner associations: Tommy Fransson (SETIPA, left) and Frank Weingarts (ZFA)

A great success: The Derivatives Roundtable

DDV brings journalists and financial experts together at one table. For this purpose the association has set up the Derivatives Roundtable where academic experts and representatives of the industry answer questions from financial journalists in a relaxed round of talks on selected topics.

Two certificate anniversaries in 2010 were the occasion for discussion circles at DDV's Frankfurt office. The fourth Roundtable of the German Derivatives Association was held in March, the theme being "20 Years of Tracker Certificates – how a German product conquers the world". Steffen Scheuble, Member of the Board of Directors at Structured Solutions AG, held an exciting and spontaneous talk followed by a lively discussion. Taking the example of the first tracker certificate to exactly track the performance of the German blue-ship index, DAX®, 20 years ago, he explained how these passive financial products work and how they can be used. They allowed private investors to follow the investment strategies of professional investors for the first time.

"Investors who are interested in trading with passively structured financial products will find that there is no way around tracker certificates," said Steffen Scheuble with conviction. Easy access to a large number of markets, even with small amounts of money, and the low charges have made tracker certificates popular among investors for the last twenty years.

In July the fifth Derivatives Roundtable "Discount Certificates – the classics" commemorated the 15th anniversary of these certificates. Professor Dr Lutz Johanning from the WHU – Otto Beisheim School of Management discussed the history of discount certificates and also elucidated their benefits for private investors. "The invention of discount certificates has given

Previous DDV Roundtables

1. Derivatives Roundtable in Frankfurt am Main on 20 March 2009:
The role of the distribution of information in the retail derivatives market
2. Derivatives Roundtable in Stuttgart on 15 June 2009:
Good certificates? Is there such a thing?
3. Derivatives Roundtable in Munich on 9 July 2009:
Crash test – opportunities and risks in turbulent markets
4. Derivatives Roundtable in Frankfurt am Main on 25 March 2010:
20 Years of Tracker Certificates – how a German product conquers the world
5. Derivatives Roundtable in Frankfurt am Main on 28 July 2010:
15 Years of Discount Certificates: history, background, applications

private investors easier access to options markets where they can invest in attractive products at reasonable prices," said Professor Dr Johanning.

In order to allow a somewhat broader public to benefit from the results of the Derivatives Roundtable, DDV uses additional information channels. The most important insights are recorded in interviews and are then made available to investors in printed form or as podcasts on our website.

DDV's public relations work: Building sustainable bridges

Coherent and clear messages lie at the heart of all successful communication. In order for it to reach and convince as many people as possible, the media are indispensable as partners and modern communication channels are essential. The German Derivatives Association (DDV) carries out active media and public relations work and uses both modern and traditional communication instruments to address the various target groups.

→ The essential factor in DDV's media and public relations work is the constant and credible dialogue with disseminators from politics, the media and associations, with investor protection associations and naturally with investors themselves. The aim is to establish, cultivate and intensify contacts through suitable communication channels.

Effective use of new media

New media, and the Internet in particular, now determine the communication patterns of large sections of the population and it is impossible to imagine the association's communications without them. On our website (www.derivat-everband.de) DDV provides statistics on the certificates markets, such as market volume, market share and stock exchange turnover. There are many queries about the credit quality of issuers, the risk ratios of more than 420,000 products and the ratings of more than 160,000 investment certificates. Through newsletters, podcasts and online columns, younger target groups in particular are provided with ample information on structured products.

DDV tries to put across its message in a way that is as down-to-earth and as intelligible as possible. The Derivatives League, for instance, describes the certificate categories by comparing the eleven basic types of certificate with the eleven player positions of a football team. With a circulation of more than 30,000 copies, our DVD is among the top favourites of our online order centre. The association's online training on certificates was soon being used by more than 1,300 investors. Furthermore, 2,000 learning CDs have been sent out. More than 3,500 private investors on average responded to DDV's trend surveys on leading online portals. The association publishes the results in a clear and concise form as a media release and as a podcast, commenting on them in columns.

Making intelligent use of traditional media

The classical instruments of media work such as media releases, guest articles and interviews in the print media are still of central importance for DDV in reaching and informing the various target groups. In 2010 alone DDV supplied



the media with more than 60 media releases on important market developments and decisions taken in the industry, commenting on current political developments. On the requirements of media work Lars Brandau comments: “Journalists mainly expect us to provide honest and helpful information with added value for the reader. We find it extremely important for editors to know who is behind the information supplied by DDV. This is why personal contact is particularly important for us.”

At the German Derivatives Day, the Parliamentary Evening and the DDV Roundtable facts about the certificates industry can be communicated in face-to-face discussions, views can be exchanged and mutual understanding fostered. The Management of DDV is also pleased to answer questions in panel discussions and debates and also holds numerous talks. These are efforts that pay off. Enquiries about background information, interviews, columns and guest articles constantly continued to increase last year.

Supply creates demand: more and more journalists are writing about topics offered by DDV in order to report on the certificates industry.

DDV at work: Organisation, committees and executives

All of the association's boards and committees, including the Board of Directors, deal with specific issues. Nearly every week the responsible parties meet in various groups. A glance back at the schedule for 2010 shows nine meetings of the Board of Directors, twelve meetings of the three committees and eight task force meetings. In addition, there are general meetings, meetings of the Scientific Advisory Board, the Advisory Board for the Derivatives Code and meetings of the European umbrella association, eusipa.

→ General meetings

Sixth General Meeting on
23 February 2010
Seventh General Meeting on
4 October 2010

→ Meetings of the Board of Directors

25 January 2010
15 March 2010
22 April 2010
28 May 2010
16 June 2010
12 July 2010
2 September 2010
26 October 2010
10 December 2010

→ Scientific Advisory Board

Second meeting on 11 June 2010

→ Advisory Board for the Derivatives Code

First meeting on 18 January 2010
Second meeting on 29 March 2010
Third meeting on 30 April 2010
Fourth meeting on 4 June 2010
Fifth meeting on 9 August 2010
Sixth meeting on 13 December 2010

→ Jours Fixes

Third Jour Fixe on 3 February 2010
Fourth Jour Fixe on 16 September 2010

→ eusipa Board Meeting

1 June 2010 in Stockholm

→ Committee meetings

Tax Committee
Twelfth meeting on 2 June 2010
Regular telephone conferences

Regulation Committee
Eighth meeting on 4 February 2010
Ninth meeting on 15 April 2010
Special meeting on 5 May 2010
Tenth meeting on 24 June 2010
Eleventh meeting on 16 September 2010
Twelfth meeting on 18 November 2010

Prospectus Law Committee
Ninth meeting on 4 February 2010
Tenth meeting on 15 April 2010
Eleventh meeting on 24 June 2010
Twelfth meeting on 16 September 2010
Thirteenth meeting on 18 November 2010

→ Task force meetings

**Key Information Document/
Product Information Sheet task force**
Third meeting on 24 February 2010
Fourth meeting on 5 March 2010
Fifth meeting on 29 April 2010
Sixth meeting on 11 May 2010
Seventh meeting on 8 June 2010
Eighth meeting on 25 June 2010
Ninth meeting on 3 August 2010

Risk Classes task force
First meeting on 6 December 2010

→ Committees

Tax Committee
Chaired by:
Ronny Klopffleisch

Deputy:
Thilo Danz

Coordination:
Mathias Kolbeck

Regulation Committee
Chaired by:
Dr Dominik Neundörfer

Deputies:
Andrea Korte
Jürgen Wohlfarth

Prospectus Law Committee
Chaired by:
Dr Klaus Künzel

Deputy:
Dr Dominik Neundörfer

→ Task forces

**Key Information Document/
Product Information Sheet
task force**
Headed by: Christian Vollmuth

Risk Classes task force
Headed by: Christian Vollmuth

→ Board of Directors

as at December 2010



Stefan Armbruster

Managing Director at Deutsche Bank AG, responsible for the distribution and marketing of certificates and warrants.



Jan Krüger

In charge of Equity Sales at Landesbank Baden-Württemberg AG where he is responsible for the distribution and marketing of structured retail products and support for institutional customers in the equities derivatives business.



Klaus Oppermann

In charge of Public Distribution at the central Corporates & Markets business division of Commerzbank AG and responsible for the public distribution of securitised derivatives in Germany and Europe.



Rupertus Rothenhäuser

Managing Director of Macquarie Capital (Europe) Limited where he is in charge of distribution and marketing for structured products and certificates in Europe.



Dr Hartmut Knüppel

CEO and Member of the Board of Directors at German Derivatives Association. He has previously served in various functions in politics and industry.

→ **Strategic Board**

Klemens Breuer
WestLB AG
Member of the Managing Board



Dirk Schmitz
Deutsche Bank AG
Managing Director
Head of Coverage Germany & Austria



Frank Burkhardt
Société Générale S. A.
Managing Director



Joachim von Schorlemer
BNP Paribas S. A.
General Manager of BNP Paribas Germany



Lars Hille
DZ BANK AG
Member of the Board of Managing Directors



Patrick Sollinger
UniCredit Bank AG
Managing Director



Philip Holzer
Goldman Sachs International
Partner



Hans-Joachim Strüder
Landesbank Baden-Württemberg AG
Member of the Board of Managing Directors



Frank Langer
Macquarie Capital (Europe) Limited
Senior Managing Director
Head of Derivatives Europe



Roger Studer
Bank Vontobel AG
Head of Investment Banking



Michael Reuther
Commerzbank AG
Member of the Board of Managing Directors



Stefan Winter
UBS Deutschland AG
Member of the Board of Managing Directors



Carola Gräfin von Schmettow
HSBC Trinkaus & Burkhardt AG
Member of the Board of Managing Directors



as at December 2010

→ Scientific Advisory Board



Prof Dr Sigrid Müller (Chairperson)
Humboldt University, Berlin



Prof Dr Lutz Johanning
WHU – Otto Beisheim School of Management



Prof Dr Christian Koziol
Hohenheim University



Prof Dr Bernd Rudolph
Ludwig Maximilian University, Munich



Prof Dr Dirk Schiereck
Technical University of Darmstadt



as at December 2010



Members



J.P.Morgan



as at December 2010

Sponsoring members



as at December 2010

PUBLISHING INFORMATION

Published by:

Deutscher Derivate Verband e. V.
 Registration number at the register of associations: VR 13943

Concept and consultation:

Prof Dr Klaus Gourgé
 IFU Institut für Unternehmenskommunikation GmbH
 Feldbergstraße 36 | 60323 Frankfurt am Main | Germany
 www.ifu-online.com

Design:

Liebchen+Liebchen
 Visuelle Unternehmenskommunikation GmbH
 Alt-Fechenheim 103 | 60386 Frankfurt am Main | Germany
 www.lplus.de

Printed by:

MT Druck
 Carl-Friedrich-Gauß-Straße 6 | 63263 Neu-Isenburg | Germany
 www.mt-druck.de

Photo credits:

DDV summary profile, page 23: DZ BANK
 German Derivatives Day, pages 28 to 31: Frank Mashofer
 Autumn reception, pages 32 and 33: Michael Fahrig
 DDV Media Award, page 34: Konstantin Tschovikov
 Portraits, pages 3, 11, 17 and 39: Michael Hudler

Cover page: Helder Almeida
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