

Market Volume

in Derivatives



Volume of certificates falls in September

Leverage products continue to rise

According to the latest figures collected each month from 16 banks by the European Derivatives Group (EDG) on behalf of Deutscher Derivate Verband (DDV), the German Derivatives Association, the outstanding volume of the German certificates market fell by 1.8 percent, or € 1.8 billion, in September. Besides a slight decrease in prices, the main reason for the decline was the large number of products that matured and the fact that the resulting volume had not yet been reinvested. Average prices of certificates fell by 0.1 percent in September. The price-adjusted decline in open interest was 2.0 percent, or € 1.9 billion.

When the figures collected by EDG are extrapolated to all issuers, the **total volume of the German certificates market at the end of September** was **€ 99.8 billion**.

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

Investment products by product category

Security continued to be of prime importance to investors in September. This meant that investment products offering full capital protection were in particularly high demand. At 68.9 percent, they accounted for more than two-thirds of the total open interest in all investment products. The market volume of **Capital Protection Products with Coupon** fell slightly by 0.9 percent, or € 445 million. Capital Protection Products with Coupon had a market share ➔

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Market Volume September | 2012

- The market volume of investment certificates and leverage products fell by 1.8 percent, or € 1.8 billion, in September. The total volume of the German certificates market amounted to € 99.8 billion at the end of the month.
- Investment certificates accounted for 98.7 percent of the total market volume, while leverage products played only a minor role, with a market share of 1.3 percent.
- Certificates offering full capital protection continued to be the most popular investment category. Their share in the total volume was 68.9 percent in September.
- Investment certificates with interest rates as an underlying accounted for 57.9 percent of the total volume. However, indices were the dominant underlying for leverage products, at 35.5 percent.

of 52.0 percent. The category of **Uncapped Capital Protection Certificates** was also in decline during September. The market volume of these products fell by 2.5 percent, or € 399 million, as a result of some larger issues maturing. Their share in the total volume was 16.9 percent.

On the other hand, open interest in **Reverse Convertibles** was up by 1.0 percent, or € 45 million, in September. The share of Reverse Convertibles in the total volume was 4.9 percent.

Many Warrant contracts traditionally mature in September, which also has an impact on certificates. This was seen most clearly in the **Discount Certificates** category. The outstanding volume fell very sharply by 9.1 percent, or € 531 million. The share of Discount Certificates in the total volume was 5.7 percent.

The market volume of **Express Certificates** also fell in September. The outstanding volume was down 2.9 percent, or € 152 million. Their share in the total volume fell correspondingly by 0.1 percentage points to 5.4 percent.

The decline in **Bonus Certificates** was even more significant. The market volume fell by 10.8 percent, or € 328 million. In September, 2.9 percent of the total open interest was invested in Bonus Certificates.

The open interest in **Tracker Certificates** was up, on the other hand. The market volume grew by 0.5 percent, or

€ 27 million. Tracker Certificates accounted for 6.2 percent of the total volume.

In the category of **Outperformance Certificates and Capped Outperformance Certificates** the market volume grew by 1.0 percent, or € 1 million. However, with a market share of only 0.1 percent, this had little impact on the overall picture.

Leverage products by product category

The picture was positive in the leverage products segment. The market volume rose by 0.8 percent, or € 10 million. Price falls of 0.8 percent resulted in an even greater price-adjusted rise of 1.6 percent, or € 20 million.

The open interest in **Warrants** fell by 4.7 percent, or € 27 million. Warrants accounted for 43.2 percent of leverage products.

On the other hand, the market volume of **Knock-Out Warrants** rose. The open interest grew by 5.4 percent, or € 37 million. Knock-Out Warrants accounted for 56.8 percent of leverage products.

Investment products by underlying

Investment certificates with **interest rates as an underlying** continued to be the most popular category of underlying in September. This class of underlying accounted for

The following companies contributed to the market volume statistics:



Deutscher Derivate Verband (DDV)

Deutscher Derivate Verband (DDV), the German Derivatives Association, is the industry representative body for the 17 leading issuers of derivatives in Germany: Barclays, BNP Paribas, Citigroup, Commerzbank, Deutsche Bank, DZ BANK, Goldman Sachs, HSBC Trinkaus, HypoVereinsbank, J.P. Morgan, LBBW, MACQUARIE, Royal Bank of Scotland, Société Générale, UBS, Vontobel and WestLB. The Association's work is supported by ten sponsoring members, which include the Stuttgart and Frankfurt am Main stock exchanges, finance portals and service providers.

Office Berlin, Pariser Platz 3, 10117 Berlin
Office Frankfurt a.M., Feldbergstr. 38, 60323 Frankfurt a.M.

Please address any queries to:

Barbara Wiesneth, Consultant of Public Relations
phone: +49 (69) 244 33 03 - 70, mobile phone: +49 (172) 724 21 53
wiesneth@derivateverband.de

www.derivateverband.de



57.9 percent of the open interest in all investment certificates, particularly owing to the high outstanding volume of Reverse Convertibles and Credit Linked Notes. However, due to the many products maturing, the open interest in interest rate products fell by 0.9 percent, or € 482 million.

With a share of 20.3 percent, investment certificates with **indices as an underlying** remained the second most popular class of underlying. Open interest fell by 4.4 percent, or € 869 million.

The outstanding volume of investment certificates with **equities as an underlying** also declined. The market volume went down by 2.3 percent, or € 409 million, in September. Equity-based products accounted for 18.6 percent of the total.

Following behind at some distance were investment products with **commodities as an underlying**, their market volume having risen in comparison with the previous month. Open interest was up very slightly by 0.7 percent, or € 12 million.

Open interest in investment certificates with **investment funds as an underlying** fell by 4.5 percent, or € 46 million, in September. They accounted for 1.0 percent of the total.

The market volume of investment certificates with **currencies as an underlying** continued to have little impact on the overall picture. Although open interest in this asset class fell by 1.7 percent, or € 2 million, in September, they only accounted for 0.1 percent of the total volume.

Leverage products by underlying

Leverage products with **indices as an underlying** were the most popular asset class again in September, with a share of 35.5 percent. Although the market volume dropped by 6.4 percent, or € 31 million, the decline was entirely due to falling prices. After price adjustment, a net inflow of funds of 6.6 percent, or € 32 million, was recorded in this asset class.

The market volume of leverage products with **equities as an underlying** also fell in September. Open interest was down

1.8 percent, or € 8 million. The market share was 32.7 percent.

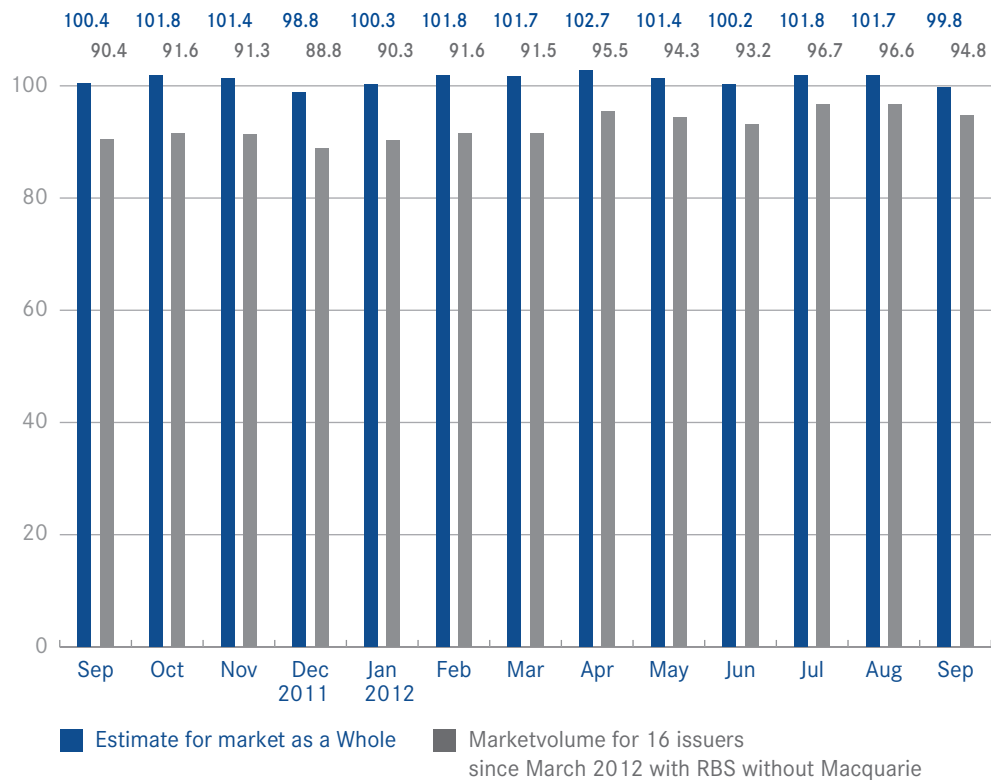
Leverage products with **commodities as an underlying** constituted the third-largest category, with a share of 26.3 percent. The increase in the market volume of these products was the largest, in both relative and absolute terms. It rose by 17.4 percent, or € 50 million.

The market volume of leverage products with **currencies as an underlying** fell by 1.9 percent, or € 1 million, in September. The share of this category in the total volume of leverage products was 3.5 percent.

Open interest in leverage products with **interest rates as an underlying** fell by 2.5 percent, or € 1 million, in September. This resulted in a market share of 2.0 percent.

Leverage products with **investment funds as an underlying** had no significant impact on the overall picture in September, as they accounted for less than 0.1 percent of the total volume. ■

Market volume since September 2011



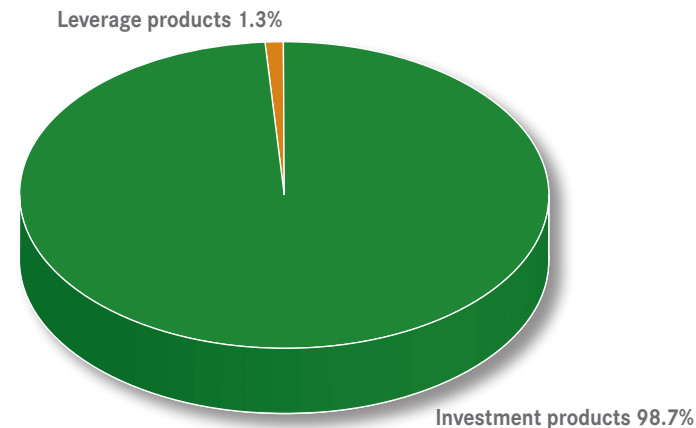
Product classes

Market volume as at 30 September 2012

Produktklasse	Market volume	Share
	T€	%
Investment products	93,501,167	98.7%
Leverage products	1,279,127	1.3%
Total Derivatives	94,780,294	100.0%

Product classes

Market volume as at 30 September 2012

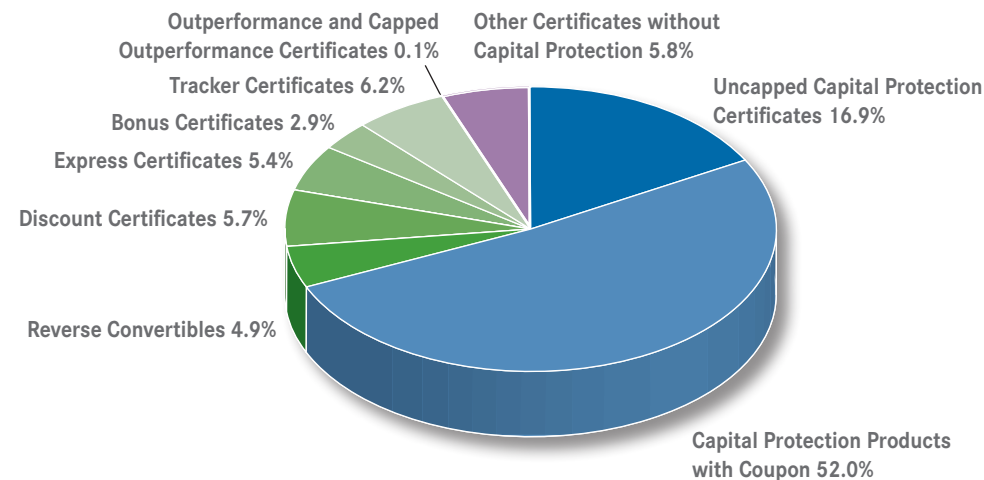


Market volume by product category as at 30 September 2012

Category	Market volume		Market volume adj. f. price changes		Number	
	T€	%	T€	%	#	%
■ Uncapped Capital Protection Certificates	15,762,243	16.9%	15,763,170	16.9%	3,589	1.1%
■ Capital Protection Products with Coupon	48,653,937	52.0%	48,836,225	52.3%	2,376	0.7%
■ Reverse Convertibles	4,660,701	4.9%	4,638,054	5.0%	38,588	11.7%
■ Discount Certificates	5,318,420	5.7%	5,261,187	5.6%	138,416	42.1%
■ Express Certificates	5,071,520	5.4%	5,013,644	5.4%	2,255	0.7%
■ Bonus Certificates	2,716,504	2.9%	2,707,653	2.9%	138,829	42.2%
■ Tracker Certificates	5,838,764	6.2%	5,727,668	6.1%	2,781	0.8%
■ Outperformance and Capped Outperformance Certificates	61,754	0.1%	61,356	0.1%	652	0.2%
■ Other Certificates without Capital Protection	5,417,324	5.8%	5,368,730	5.7%	1,170	0.4%
Investment products total	93,501,167	98.7%	93,377,688	98.6%	328,656	45.1%
■ Warrants	552,148	43.2%	590,605	45.8%	264,028	65.9%
■ Knock-Out Warrants	726,979	56.8%	698,594	54.2%	136,551	34.1%
Leverage products total	1,279,127	1.3%	1,289,198	1.4%	400,579	54.9%
Total	94,780,294	100.0%	94,666,886	100.0%	729,235	100.0%

Investment products by product category

Market volume as at 30 September 2012

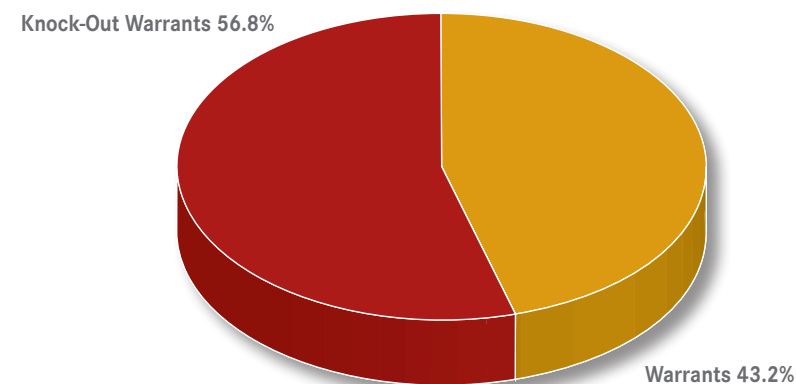


Change in market volume by product category compared with previous month

Category	Change		Change adj. f. price changes		Price effect
	T€	%	T€	%	
■ Uncapped Capital Protection Certificates	-399,203	-2.5%	-398,276	-2.5%	0.0%
■ Capital Protection Products with Coupon	-444,846	-0.9%	-262,558	-0.5%	-0.4%
■ Reverse Convertibles	44,729	1.0%	22,083	0.5%	0.5%
■ Discount Certificates	-531,445	-9.1%	-588,678	-10.1%	1.0%
■ Express Certificates	-152,063	-2.9%	-209,939	-4.0%	1.1%
■ Bonus Certificates	-327,926	-10.8%	-336,777	-11.1%	0.3%
■ Tracker Certificates	26,825	0.5%	-84,271	-1.4%	1.9%
■ Outperformance and Capped Outperformance Certificates	617	1.0%	219	0.4%	0.7%
■ Other Certificates without Capital Protection	-12,026	-0.2%	-60,620	-1.1%	0.9%
Investment products total	-1,795,336	-1.9%	-1,918,815	-2.0%	0.1%
■ Warrants	-27,441	-4.7%	11,016	1.9%	-6.6%
■ Knock-Out Warrants	37,215	5.4%	8,830	1.3%	4.1%
Leverage products total	9,774	0.8%	19,845	1.6%	-0.8%
Total	-1,785,562	-1.8%	-1,898,970	-2.0%	0.1%

Leverage products by product category

Market volume as at 30 September 2012



Market volume by underlying asset as at 30 September 2012

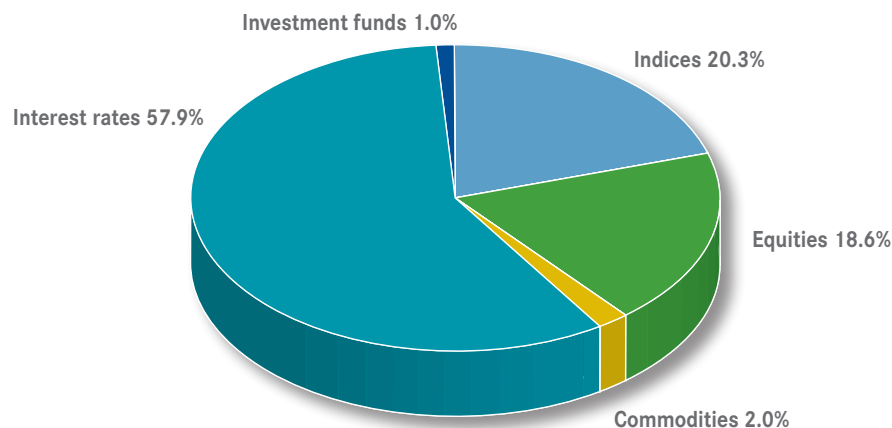
Underlying	Market volume		Market volume adj. f. price changes*		Number	
	T€	%	T€	%	#	%
Investment products						
Indices	19,010,020	20.3%	18,875,517	20.2%	97,784	29.8%
Equities	17,415,802	18.6%	17,299,883	18.5%	224,937	68.4%
Commodities	1,854,550	2.0%	1,807,121	1.9%	2,619	0.8%
Currencies	110,290	0.1%	110,779	0.1%	48	0.0%
Interest rates	54,152,392	57.9%	54,321,514	58.2%	3,150	1.0%
Investment funds	958,115	1.0%	962,876	1.0%	121	0.0%
	93,501,168	98.7%	93,377,689	98.6%	328,659	45.1%
Leverage products						
Indices	453,894	35.5%	516,664	40.1%	95,436	23.8%
Equities	418,184	32.7%	410,836	31.9%	239,222	59.7%
Commodities	335,943	26.3%	285,556	22.1%	30,741	7.7%
Currencies	44,937	3.5%	49,595	3.8%	32,867	8.2%
Interest rates	25,995	2.0%	26,429	2.1%	2,254	0.6%
Investment funds	175	0.0%	119	0.0%	56	0.0%
	1,279,127	1.3%	1,289,197	1.4%	400,576	54.9%
Total	94,780,294	100.0%	94,666,886	100.0%	729,235	100.0%

*Market volume adjusted for price changes = quantity outstanding as at 30 September 2012 x price as at 31 August 2012

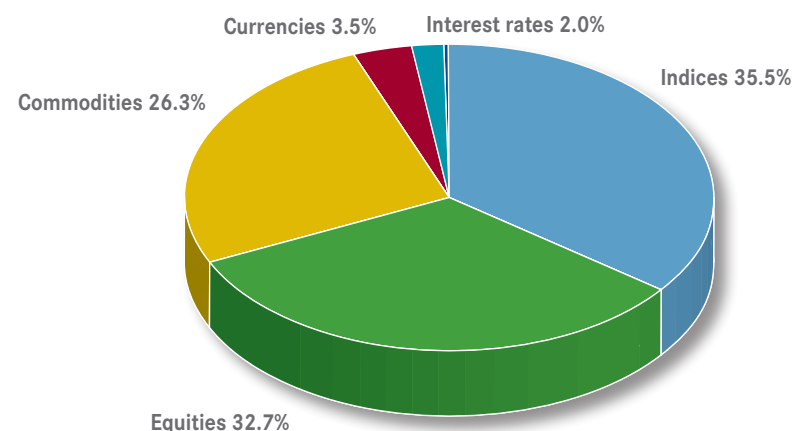
Change in the market volume by underlying asset as at 30 September 2012

Underlying	Change		Change adj. f. price changes*		Price effect
	T€	%	T€	%	
Investment products					
Indices	-868,663	-4.4%	-1,003,166	-5.0%	0.7%
Equities	-408,927	-2.3%	-524,845	-2.9%	0.7%
Commodities	12,009	0.7%	-35,420	-1.9%	2.6%
Currencies	-1,876	-1.7%	-1,388	-1.2%	-0.4%
Interest rates	-482,234	-0.9%	-313,112	-0.6%	-0.3%
Investment funds	-45,645	-4.5%	-40,884	-4.1%	-0.5%
	-1,795,336	-1.9%	-1,918,815	-2.0%	0.1%
Leverage products					
Indices	-30,841	-6.4%	31,929	6.6%	-12.9%
Equities	-7,665	-1.8%	-15,013	-3.5%	1.7%
Commodities	49,728	17.4%	-659	-0.2%	17.6%
Currencies	-849	-1.9%	3,809	8.3%	-10.2%
Interest rates	-671	-2.5%	-237	-0.9%	-1.6%
Investment funds	72	70.1%	16	15.5%	54.6%
	9,774	0.8%	19,845	1.6%	-0.8%
Total	-1,785,562	-1.8%	-1,898,970	-2.0%	0.1%

Investment products by underlying asset Market volume as at 30 September 2012



Leverage products by underlying asset Market volume as at 30 September 2012



Collection, validation and analysis methodology

1. Calculation of the market volume

In calculating the outstanding volume, the first step is to establish the market volume for an individual issue by multiplying the quantity outstanding by the market price on the last trading day of the month under review. The total market volume is calculated by adding the individual values. The price-adjusted figure is obtained by valuing the outstanding quantities at the market prices on the last trading day of the previous month. Newly launched products are valued at the price on the last trading day in the month under review.

2. Calculation of the turnover

Turnover is calculated at the relevant exercise price by aggregating the individual trades per issue and period and then adding them up. Purchases and sales are included at their relevant absolute amounts. The only turnover recorded is that relating to end customers. Also, issues are not classified as turnover until their value dates. By contrast, repayments are not included in the turnover figures, since they do not constitute actual trades. This means that there is a natural outflow of funds at the maturity date of the products, although this is offset by new issues if investors continue to invest in these investment classes. This turnover calculation can lead to inflows of funds in one investment class in one month that exceed the turnover recorded for that month in terms of their amounts. Also, large price fluctuations can lead to a change in the market volume that exceeds the turnover amount in terms of its amount.

3. Definition of the retail products covered

The collection and analysis process covers market volume and turnover in retail products that are publicly offered and listed on at least one German stock exchange in the relevant survey period. Private placements, institutional transactions and white-label trading are not covered. The possibility that parts of an issue may be bought by institutional investors, for instance through the stock exchange, cannot be ruled out.

4. DDV classification system (Derivatives League)

The product classification system used is based on DDV's Derivatives League concept. Investment products include Uncapped Capital Protection Certificates, Capital Protection Products with Coupon, Reverse Convertibles, Discount Certificates, Express Certificates, Bonus Certificates, Tracker Certificates, Outperformance and Capped Outperformance Certificates, as well as other investment products without capital protection. Leverage products comprise Warrants and Knock-Out Warrants. (For further details please refer to http://www.derivateverband.de/DE/MediaLibrary/Document/ddv_klassifizierung_final.pdf).

5. Differentiation by investment class

Retail products are differentiated by the investment class of the underlying. All products with an equity component are included among the equity-based investment or leverage products. Products with a purely bond-based underlying (e.g. index certificates based on the German REX bond index, capital protected certificates based on the EURIBOR Euro Interbank Offered Rate) are included in the investment class of bonds. The currencies and commodities investment class comprises products based on goods, commodities and currencies. Hedge fund products are also shown separately.

6. Collection of the data

Each month, the issuers provide the relevant data in a specified scope and format from their internal systems (trading, risk management and pricing systems etc.). The mandatory information comprises ISIN, product type, asset class of the underlying, product category, turnover, market volume, quantity outstanding, maturity date of the products, product name, issue date, issue volume (quantity issued). The optional information includes details of the underlying, the knock-out thresholds, market prices and listings on German stock exchanges.

7. Monitoring of compliance with the self-commitment

Compliance with the code of conduct is monitored by means of on-site and off-site inspection of data and systems. Random sampling and targeted requests for selected information are backed up by cross-checking of data using stock exchange data, information services and the websites of issuers. In particular, the data are reconciled on a regular basis in cooperation with Boerse Stuttgart, with the main focus on stock exchange listing, the categorisation of products and the substantiation of figures for turnover and outstanding volumes.

DISCLAIMER

EDG AG regularly checks the methods and analyses on which this interpretation is based. However, it does not guarantee the correctness of the analyses. By signing up to the voluntary agreement, the issuers have agreed to ensure the correctness of the transaction data provided by them, and on which the analysis is based. However, EDG AG cannot guarantee the correctness or the completeness of the data from the issuers.

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