

Market Volume

in Derivatives



Volume of structured products down in December

Clear increase in Factor Certificates

There was a decline in the outstanding volume of the German structured products market at the end of 2013. In addition to a slightly negative market environment, this was mainly owing to the redemption of many products that matured in December.

Overall, the market volume fell in December in comparison with November by 2.6 percent, or EUR 2.3 billion. Structured product prices decreased by an average of 0.2 percent. The price-adjusted decline in the market volume was consequently at 2.4 percent, or EUR 2.1 billion. This trend is shown by the latest figures collected each month from 16 banks by the European Derivatives Group (EDG AG) on

behalf of Deutscher Derivate Verband (DDV), the German Derivatives Association.

When the figures collected by EDG are extrapolated to all issuers, the **total volume of the German structured products market at the end of December was EUR 90.2 billion.**

There was a slight shift in the **ratio of investment certificates to leverage products** compared with November, with investment products gaining slightly. They accounted for a 98.3 percent share of the market volume, while leverage products accounted for 1.7 percent.

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Market Volume December | 2013

- At EUR 90.2 billion, the total volume of the German structured products market was down in December. The decline was in particular attributable to the end of the term for many structured securities.
- Investment products dominated the market, with a share of 98.3 percent, while leverage products played only a minor role, with a share of 1.7 percent.
- Factor Certificates defied the negative market trend and made a considerable gain.
- Structured Products offering full capital protection continued to be the dominant investment category. Two-thirds of investors' money was invested in Capital Protection Products with Coupon and Uncapped Capital Protection Certificates.

Investment products by product category

Although **investment products offering full capital protection** lost volume in December as a result of a multitude of expired products, they continue to be the most popular category by far for investors. Capital Protection Products with Coupon decreased slightly in comparison with November by 0.1 percent, or EUR 40 million. They accounted for more than half of the volume of investment certificates with a share of 52.9 percent. Uncapped Capital Protection Certificates were down 1.6 percent, or EUR 203 million. Their market share was 14.9 percent. More than two thirds of the market volume was invested in both product categories in December.

The market volume of **Reverse Convertibles** was down 5.9 percent, or EUR 372 million, in comparison with November. Their share in the volume of investment products was 6.9 percent at the end of the month.

Express Certificates were also declining. They lost 2.9 percent, or EUR 142 million. Express Certificates had a market share of 5.7 percent.

The volume of **Tracker Certificates** fell 2.8 percent, or EUR 137 million. Their share in the total volume was 5.6 percent.

Credit Linked Notes recorded a loss of 2.5 percent, or EUR 118 million. Their share remained at 5.5 percent and thus at the level of November.

The most significant decline in December was recorded in the **Discount Certificates** category. Their volume was down 18.8 percent, or EUR 820 million, at the end of the fourth quarter. Discount Certificates accounted for a volume share of 4.2 percent.

Bonus Certificates also made a significant loss in December. Their volume fell 13.1 percent, or EUR 328 million. The share of Bonus Certificates in the investment products segment was 2.6 percent.

The outstanding volume of **Outperformance and Capped Outperformance Certificates** also declined. They fell 7.1 percent, or EUR 8 million. However, owing to their share of only 0.1 percent, this product category had scarcely any impact on the overall trend among the investment products.

The volume of other **investment products without capital protection** lost 5.3 percent, or EUR 66 million. Its share in the total volume was 1.4 percent.

Leverage products by product category

The market volume of **leverage products** was down by 4.9 percent, or EUR 77 million, in December in comparison with November. Divided into the various categories, the leverage products showed different trends in December.

The volume of **Knock-Out Warrants** fell 2.8 percent, or EUR 20 million, in comparison with November. Their share in the volume of leverage products was 45.7 percent.

Warrants also made a loss. Their outstanding volume was down 11.3 percent, or EUR 75 million. Their market share in leverage products was 39.2 percent.

In contrast, **Factor Certificates** added to the overall market trend and were clearly up by 8.3 percent, or EUR 17 million. Their share in the leverage products segment rose to 15.0 percent.

Investment products by underlying

Structured Products with **interest rates as an underlying** were the most popular underlying category with a share of 60.4 percent of the total volume. Their volume fell by 0.4 percent, or EUR 192 million, in December. ▶▶

Structured Products with **equities as an underlying** followed in second place. Their share of the total volume was 19.9 percent. This outstanding volume went down 5.0 percent, or EUR 883 million, in comparison with November.

Investment certificates with **indices as an underlying** accounted for 17.5 percent of the total volume. Their market volume decreased and was 7.1 percent or EUR 1.1 billion below the November value.

Following at some distance behind the other classes were investment certificates with **commodities as an underlying**. Their market volume fell by 5.1 percent, or EUR 54 million. They accounted for 1.2 percent of the total volume of investment products in December.

The share of investment products with **investment funds as an underlying** turned out even lower at 0.9 percent. Their volume was up 3.2 percent, or EUR 23 million, in comparison with November.

Investment certificates with **currencies as an underlying** had hardly any impact in relation to the general trend with a share of 0.1 percent. The volume here was down 0.5 percent, or EUR 1 million.

Leverage products by underlying

Products with **equities as an underlying** with a share of 46.3 percent were the most popular class in the leverage products segment. However, they made the clearest loss in December with 7.5 percent, or EUR 56 million.

Leverage products with **indices as an underlying** were also popular with investors. Their market volume fell 4.3 percent, or EUR 27 million. Their market share of leverage products was 39.7 percent.

Following at some distance behind equity and index securities were leverage products with **commodities as an underlying**. They accounted for a volume share of 7.4 percent. Their market volume was down 5.2 percent, or EUR 6 million.

The market volume of leverage products with **currencies as an underlying** was up at the end of the year, however. Their market share was 3.6 percent. Their volume gained 8.6 percent, or EUR 4 million.

Leverage products with **interest rates as an underlying** were also up 20.1 percent, or EUR 8 million, in December. Because they accounted for only 3.0 percent of the total volume, their impact on the general trend was not significant, however. ■

The following companies contributed to the market volume statistics:



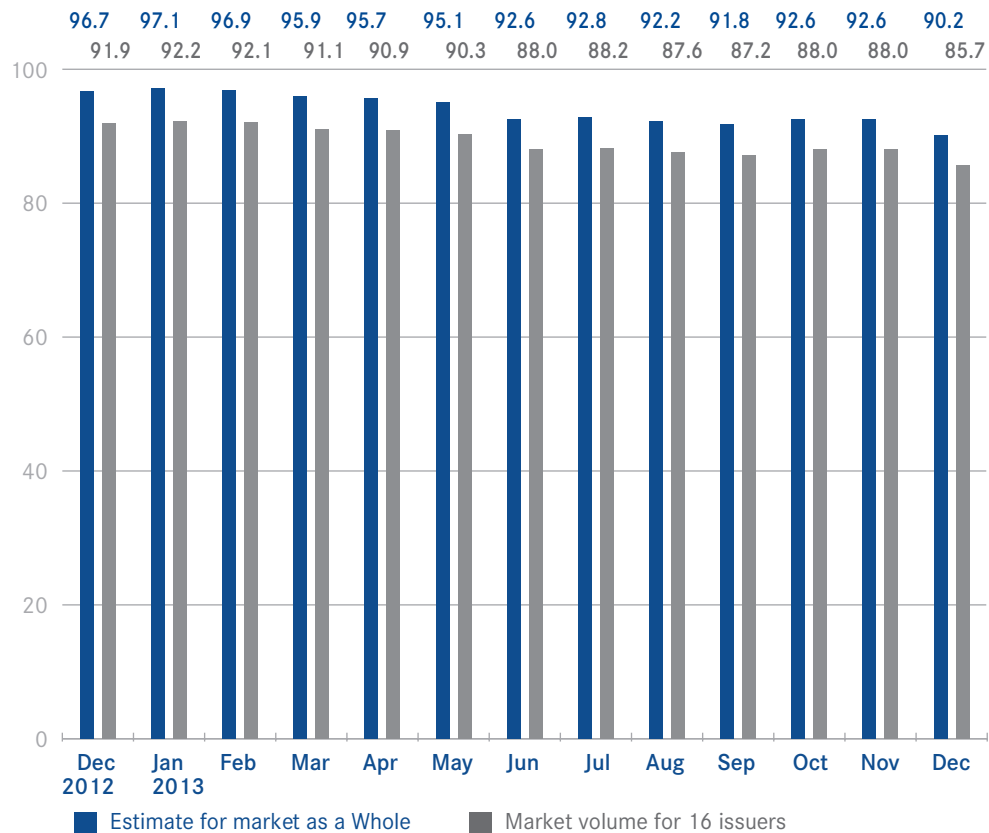
Deutscher Derivate Verband (DDV)

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

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Market volume since December 2012



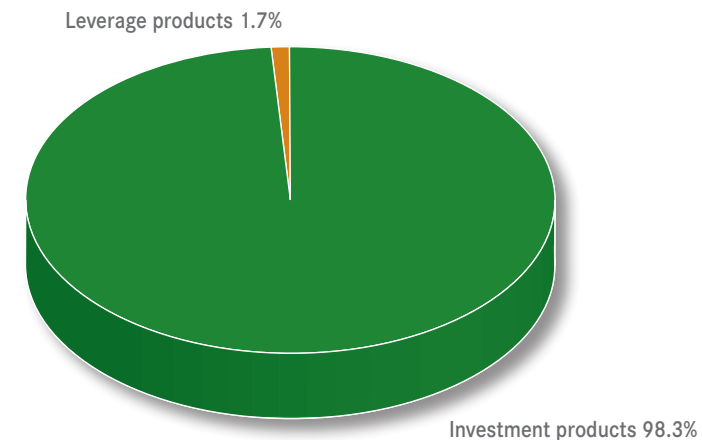
Product classes

Market volume as at 31 December 2013

Product classes	Market volume	Share
	T€	%
■ Investment products	84,196,499	98.3%
■ Leverage products	1,497,358	1.7%
Total Derivatives	85,693,857	100.0%

Product classes

Market volume as at 31 December 2013

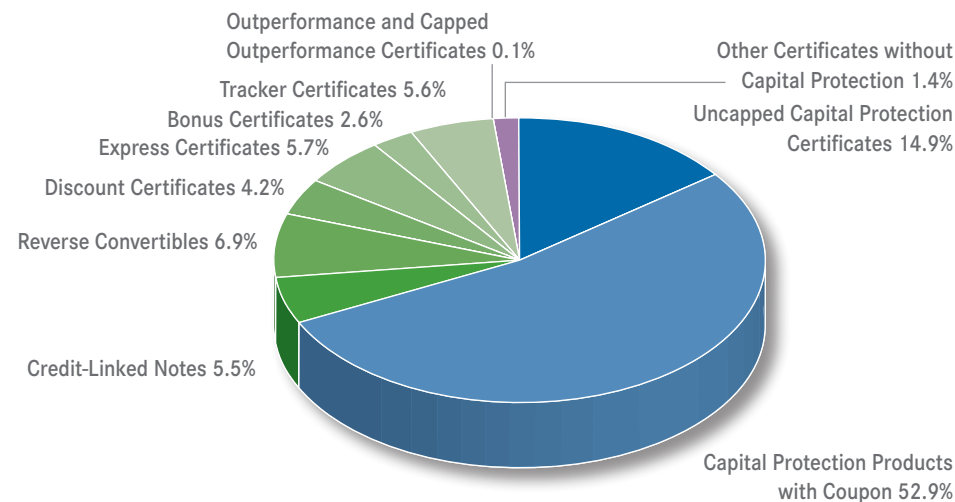


Market volume by product category as at 31 December 2013

Product categories	Market volume		Market volume price-adjusted		Number of Products	
	T€	in %	T€	in %	#	in %
■ Uncapped Capital Protection Certificates	12,579,205	14.9%	12,636,893	15.0%	3,338	0.9%
■ Capital Protection Products with Coupon	44,507,190	52.9%	44,625,092	52.9%	2,529	0.7%
■ Credit-Linked Notes	4,615,340	5.5%	4,631,315	5.5%	952	0.3%
■ Reverse Convertibles	5,944,240	6.9%	5,948,253	7.1%	66,104	18.1%
■ Discount Certificates	3,531,305	4.2%	3,516,683	4.2%	125,717	34.4%
■ Express Certificates	4,826,439	5.7%	4,824,289	5.7%	3,811	1.0%
■ Bonus Certificates	2,171,432	2.6%	2,167,347	2.6%	159,362	43.6%
■ Tracker Certificates	4,736,622	5.6%	4,725,601	5.6%	2,392	0.7%
■ Outperformance and Capped Outperformance Certificates	104,971	0.1%	104,517	0.1%	797	0.2%
■ Other Certificates without Capital Protection	1,179,754	1.4%	1,184,021	1.4%	582	0.2%
Investment products total	84,196,499	98.3%	84,364,011	98.3%	365,584	44.3%
■ Warrants	587,663	39.2%	606,378	40.6%	277,770	60.3%
■ Factor Certificates	225,024	15.0%	218,754	14.6%	1,076	0.2%
■ Knock-Out Warrants	684,672	45.7%	668,205	44.7%	181,497	39.4%
Leverage products total	1,497,358	1.7%	1,493,337	1.7%	460,343	55.7%
Total	85,693,857	100.0%	85,857,348	100.0%	825,927	100.0%

Investment products by product category

Market volume as at 31 December 2013

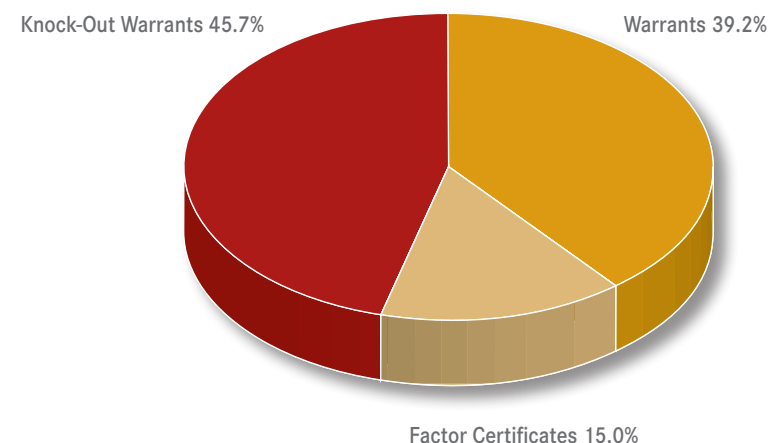


Change in market volume by product category in comparison with previous month

Product categories	Change		Change price-adjusted		Price effect
	T€	in %	T€	in %	in %
■ Uncapped Capital Protection Certificates	-203,029	-1.6%	-145,341	-1.1%	-0.5%
■ Capital Protection Products with Coupon	-40,429	-0.1%	77,472	0.2%	-0.3%
■ Credit-Linked Notes	-117,765	-2.5%	-101,790	-2.2%	-0.3%
■ Reverse Convertibles	-371,876	-5.9%	-367,864	-5.8%	-0.1%
■ Discount Certificates	-820,044	-18.8%	-834,666	-19.2%	0.3%
■ Express Certificates	-142,403	-2.9%	-144,553	-2.9%	0.0%
■ Bonus Certificates	-327,636	-13.1%	-331,721	-13.3%	0.2%
■ Tracker Certificates	-136,696	-2.8%	-147,716	-3.0%	0.2%
■ Outperformance and Capped Outperformance Certificates	-8,028	-7.1%	-8,482	-7.5%	0.4%
■ Other Certificates without Capital Protection	-66,088	-5.3%	-61,822	-5.0%	-0.3%
Investment products total	-2,233,996	-2.6%	-2,066,484	-2.4%	-0.2%
■ Warrants	-74,528	-11.3%	-55,813	-8.4%	-2.8%
■ Factor Certificates	17,324	8.3%	11,054	5.3%	3.0%
■ Knock-Out Warrants	-19,588	-2.8%	-36,055	-5.1%	2.3%
Leverage products total	-76,793	-4.9%	-80,814	-5.1%	0.3%
Total	-2,310,788	-2.6%	-2,147,297	-2.4%	-0.2%

Leverage products by product category

Market volume as at 31 December 2013



Market volume by underlying asset as at 31 December 2013

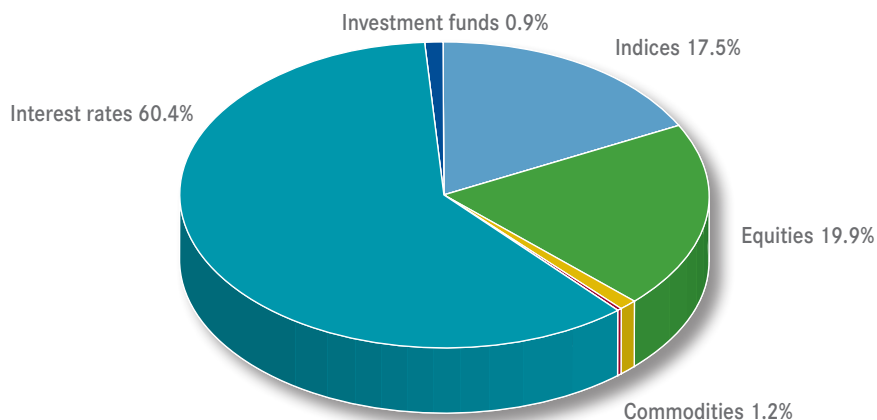
Underlying	Market volume		Market volume price-adjusted*		Number of Products	
	T€	%	T€	%	#	%
Investment products						
Indices	14,758,083	17.5%	14,756,705	17.5%	100,529	27.5%
Equities	16,724,891	19.9%	16,735,134	19.8%	259,300	70.9%
Commodities	996,627	1.2%	1,010,895	1.2%	1,810	0.5%
Currencies	119,507	0.1%	120,205	0.1%	68	0.0%
Interest rates	50,869,965	60.4%	51,015,850	60.5%	3,701	1.0%
Investment funds	727,427	0.9%	725,221	0.9%	176	0.0%
	84,196,499	98.3%	84,364,011	98.3%	365,584	44.3%
Leverage products						
Indices	593,802	39.7%	598,436	40.1%	108,255	23.5%
Equities	693,377	46.3%	685,860	45.9%	294,994	64.1%
Commodities	111,160	7.4%	119,013	8.0%	23,429	5.1%
Currencies	53,755	3.6%	54,021	3.6%	31,561	6.9%
Interest rates	44,898	3.0%	35,638	2.4%	2,056	0.4%
Investment funds	366	0.0%	370	0.0%	48	0.0%
	1,497,358	1.7%	1,493,337	1.7%	460,343	55.7%
Total	85,693,857	100.0%	85,857,348	100.0%	825,927	100.0%

*Market volume adjusted for price changes = quantity outstanding as at 31 December 2013 x price as at 30 November 2013

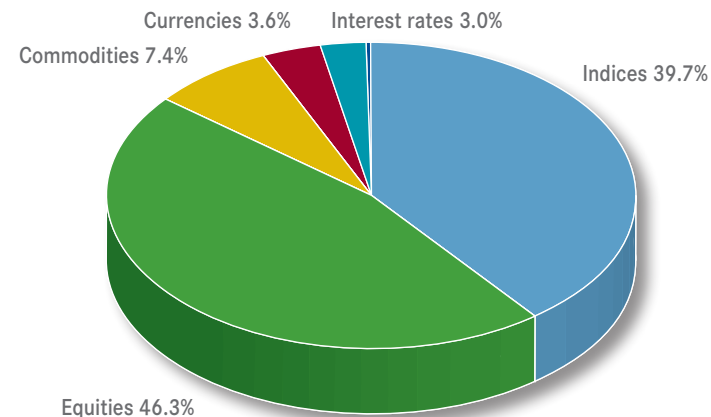
Change in the market volume by underlying asset in comparison with previous month

Underlying	Change		Change price-adjusted		Price effect
	T€	%	T€	%	
Investment products					
Indices	-1,127,644	-7.1%	-1,129,022	-7.1%	0.0%
Equities	-882,693	-5.0%	-872,449	-5.0%	-0.1%
Commodities	-54,063	-5.1%	-39,795	-3.8%	-1.4%
Currencies	-646	-0.5%	52	0.0%	-0.6%
Interest rates	-191,516	-0.4%	-45,630	-0.1%	-0.3%
Investment funds	22,566	3.2%	20,361	2.9%	0.3%
	-2,233,996	-2.6%	-2,066,484	-2.4%	-0.2%
Leverage products					
Indices	-26,506	-4.3%	-21,873	-3.5%	-0.7%
Equities	-55,938	-7.5%	-63,455	-8.5%	1.0%
Commodities	-6,134	-5.2%	1,719	1.5%	-6.7%
Currencies	4,269	8.6%	4,535	9.2%	-0.5%
Interest rates	7,510	20.1%	-1,750	-4.7%	24.8%
Investment funds	7	2.1%	11	3.1%	-1.0%
	-76,793	-4.9%	-80,814	-5.1%	0.3%
Total	-2,310,788	-2.6%	-2,147,297	-2.4%	-0.2%

Investment products by underlying asset Market volume as at 31 December 2013



Leverage products by underlying asset Market volume as at 31 December 2013



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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