

Market Volume

in Derivatives

Certificates market dips slightly in June

Investors continue to favour full capital protection

The market volume of investment certificates and leverage products fell slightly in June, according to the latest data from 16 banks collected monthly by the European Derivatives Group (EDG) for Deutscher Derivate Verband (DDV). The participating banks' outstanding volume fell by 1.3 percent, or € 1.3 billion, in June. Downward pressure on prices contributed to the decline in the market volume; overall, certificate prices went down by 0.4 percent in June. When the figures are adjusted to take into account the impact of the price falls, the resulting decline in market volume is 0.9 percent or € 925 million.

When the figures collected by EDG are extrapolated to all issuers, the **total volume of the German certificates market at the end of June** was **€ 109.3 billion**.

There was very little change in the **ratio of investment certificates to leverage products** in June. Investment certificates accounted for 98.6 percent of the market volume, and leverage products for 1.4 percent.

Investment products by product category

Security continued to be a priority for investors in June. As a result, investment products offering full capital protection were a particularly sought-after product category. At 62.0 percent, they accounted for almost two-thirds of total open interest in investment products. The strongest gain in June was in **Capital Protection Products with Coupon**, which were up 1.4 percent to € 40.7 billion. This is equivalent to a market share of 42.0 percent. By contrast, the capital ▶▶

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Market Volume June | 2011

- The volume of the investment certificates and leverage products market was down 1.3 percent, or € 1.3 billion, in June. The total volume of the German certificates market at the end of the first half-year was € 109.3 billion.
- At 98.6 percent, investment products accounted for almost the entire market volume, while leverage products accounted for 1.4 percent.
- Investment certificates with full capital protection accounted for 62.0 percent of the total open interest in investment products.
- Equities continued to be the dominant underlying in June. They accounted for 51.1 percent of investment certificates, and as much as 76.4 percent of leverage products.

protected certificates category lost 1.5 percent, or € 287 million. However, the share of this category in all investment products remained constant at 20.0 percent.

There was a noticeable fall in the volume of **Reverse Convertibles** outstanding in June. The market volume fell by 6.5 percent, or € 332 million. This reduced the share of Reverse Convertibles in the total volume of investment products to 4.8 percent.

The market volume of **Discount Certificates** also dropped off in June. Open interest fell by 4.6 percent, or € 376 million. The share of Discount Certificates in the total volume of investment products was 8.0 percent.

The volume of **Express Certificates** outstanding fell much more sharply. The market volume dropped by 6.5 percent, or € 537 million. The share of Express Certificates in the total volume of investment products fell by 0.5 percentage points to 8.0 percent.

The market volume of **Bonus Certificates** fell by 2.5 percent, or € 156 million. In comparison with the previous month, this category lost only 0.1 percentage points. It accounted for 6.2 percent of the total volume.

By contrast, index and **Tracker Certificates** experienced an increase in market volume of 1.1 percent, or € 66 million. As a result, this type of certificate had a 6.1 percent share in the total volume of investment certificates.

The market volume of **Outperformance and Capped Out-performance Certificates** suffered the greatest loss, of 23.6 percent or € 59 million. However, because these certificates account for only 0.2 percent of the total volume of investment certificates, this decline had hardly any impact on the overall trend.

Leverage products by product categories

In the leverage products segment, open interest fell further in June, with heavy losses recorded in both Warrants and Knock-Out Warrants. The market volume in **Warrants** fell by 7.0 percent, or € 54 million. However, at 51.6 percent, more than half of leverage products were still invested in this category.

There was a similar trend in **Knock-Out Warrants**. Open interest was decreased by 5.1 percent, or € 36 million. Knock-out securities accounted for 48.4 percent of leverage products.

Investment products by underlying

The volume of investment products with **equities as an underlying** fell noticeably in June. Open interest was down 3.3 percent, or € 1.7 billion. The share of these products in the total volume also fell; they accounted for 51.1 percent in June, compared with 52.2 percent in May. ▶▶

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 18 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, WestLB and WGZ BANK. The Association's work is supported by ten sponsoring members, which include the Stuttgart and Frankfurt am Main stock exchanges, finance portals and service providers.

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By contrast, investment products with **bonds as an underlying** experienced significant growth of 1.3 percent, or € 543 million. The share of these products in the total volume also rose to 45.1 percent, compared with 44.0 percent in May.

The market volume of certificates with **currencies and commodities as an underlying** fell slightly in June. Open interest was down 1.2 percent, or € 33 million. However, because of this segment's low share in the total volume, at 1.0 percent, this decline had hardly any impact on the overall trend.

Open interest in certificates with **hedge funds as an underlying** was also lower in June. The market volume fell by 2.4 percent, or € 23 million. Certificates with hedge funds as an underlying accounted for 1.0 percent of the total volume.

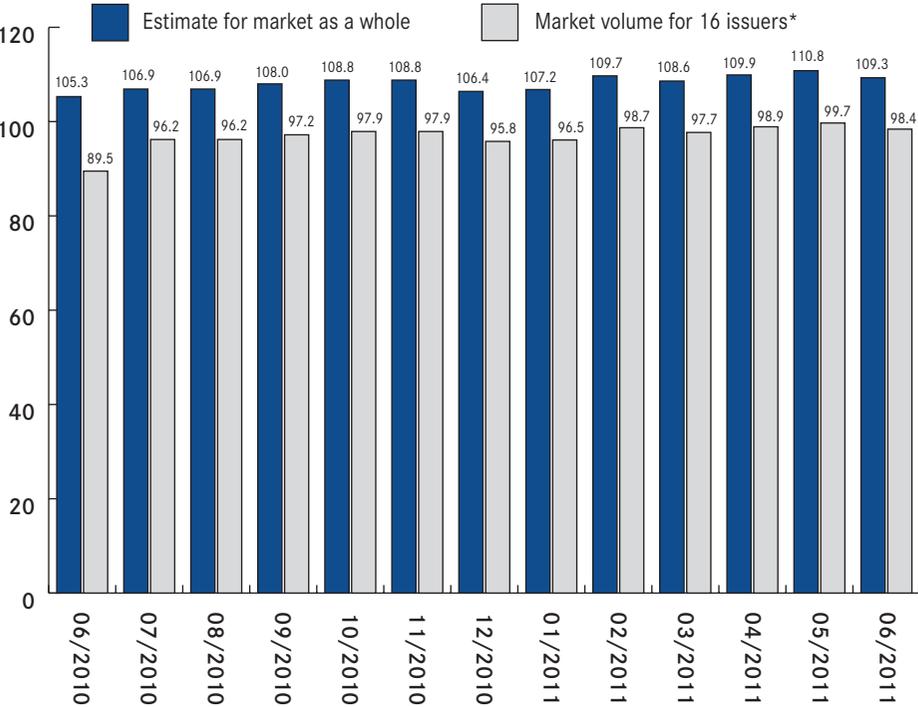
Leverage products by underlying

The outstanding volume of leverage products with **equities as an underlying** fell slightly in June. Open interest was down 2.4 percent, or € 27 million. However, equity products still accounted for 76.4 percent of the total volume of leverage products.

The market volume of leverage products with **currencies and commodities as an underlying** also went down. Open interest in these products fell by 16.0 percent, or € 59 million; they accounted for 22.2 percent of the total volume.

Open interest in leverage products with **bonds as an underlying** fell by 17.8 percent, or € 4 million, in June. However, these products only accounted for a very low proportion of the total volume of leverage products, at 1.4 percent. ■

Market volume since June 2010



* 14 issuers up to June 2010

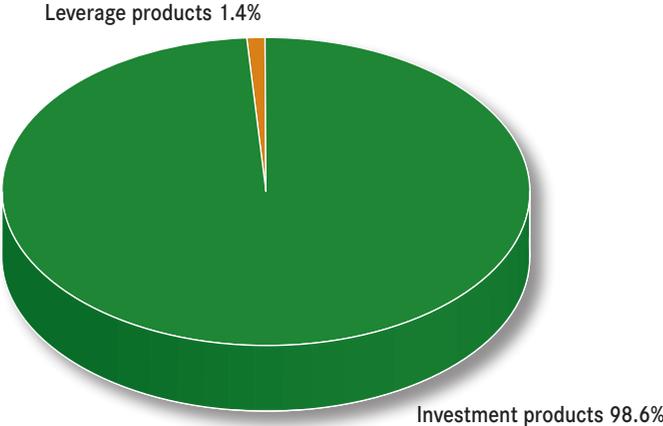
Product classes

Market volume as at 30 June 2011

	Market volume	Share
	€	%
Investment products	97,014,163	98.6%
Leverage products	1,407,292	1.4%
Total Derivatives	99,728,069	100.0%

Product classes

Market volume as at 30 June 2011

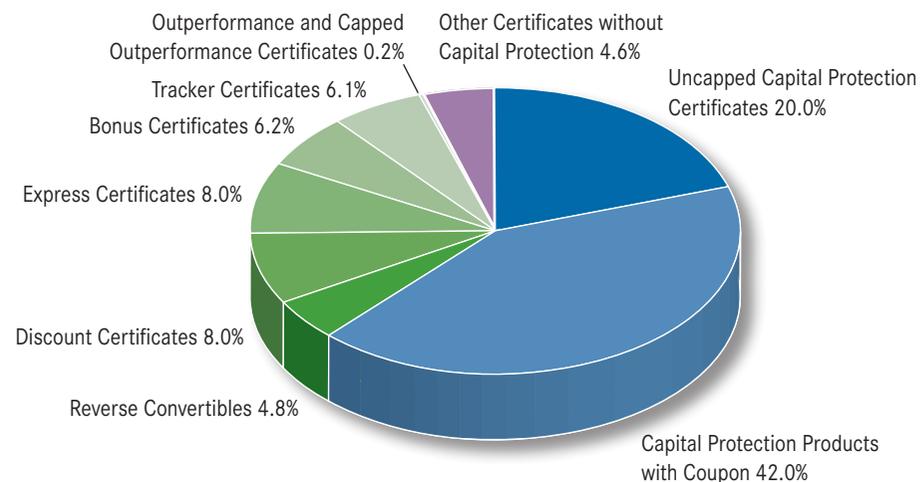


Market volume by product category as at 30 June 2011

Category	Market volume	Share
	T€	%
Uncapped Capital Protection Certificates	19,404,910	20.0%
Capital Protection Products with Coupon	40,724,870	42.0%
Reverse Convertibles	4,739,076	4.8%
Discount Certificates	7,739,119	8.0%
Express Certificates	7,765,618	8.0%
Bonus Certificates	6,035,709	6.2%
Tracker Certificates	5,911,270	6.1%
Outperformance and Capped Outperformance Certificates	192,215	0.2%
Other Certificates without Capital Protection	4,501,375	4.6%
Investment products total	97,014,163	98.6%
Warrants	726,573	51.6%
Knock-Out Warrants	680,719	48.4%
Leverage products total	1,407,292	1.4%
TOTAL	98,421,455	100.0%

Investment products by product category

Market volume as at 30 June 2011

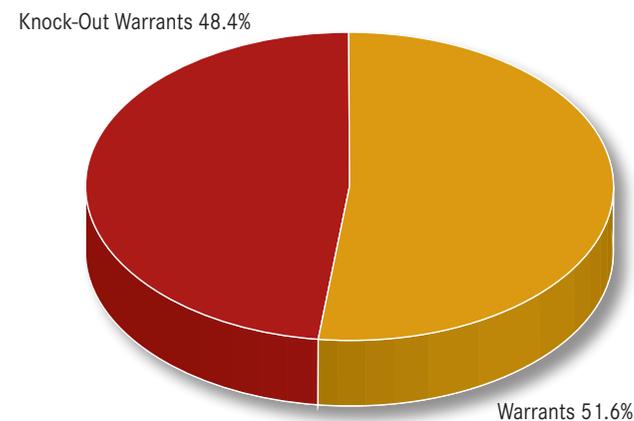


Change in market volume by product category as at 30 June 2011

Category	Market volume	Share
	T€	%
Uncapped Capital Protection Certificates	-286,722	-1.5%
Capital Protection Products with Coupon	558,007	1.4%
Reverse Convertibles	-331,738	-6.5%
Discount Certificates	-375,728	-4.6%
Express Certificates	-536,843	-6.5%
Bonus Certificates	-155,860	-2.5%
Tracker Certificates	65,852	1.1%
Outperformance and Capped Outperformance Certificates	-59,352	-23.6%
Other Certificates without Capital Protection	-93,585	-2.0%
Investment products total	-1,215,969	-1.2%
Warrants	-54,351	-7.0%
Knock-Out Warrants	-36,294	-5.1%
Leverage products total	-90,645	-6.1%
TOTAL	-1,306,614	-1.3%

Leverage products by product category

Market volume as at 30 June 2011



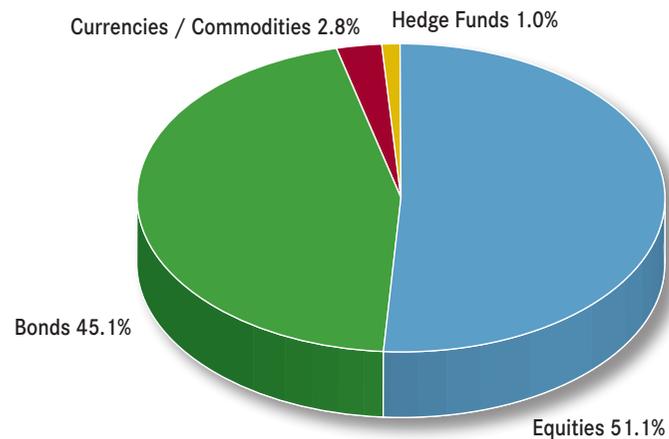
Market volume by underlying asset as at 30 June 2011

Underlying	Market volume		Market volume adjusted for price changes*		Number	
	T€	%	T€	%	#	%
Investment products						
Equities	49,594,945	51.1%	49,736,236	51.1%	253,639	97.9%
Bonds	43,741,027	45.1%	43,748,033	45.0%	2,068	0.8%
Currencies/Commodities	2,743,795	2.8%	2,801,747	2.9%	3,417	1.3%
Hedge Funds	934,395	1.0%	951,255	1.0%	58	0.0%
Investment products total	97,014,163	98.6%	97,237,272	98.4%	259,182	47.7%
Leverage products						
Equities	1,075,504	76.4%	1,155,876	73.8%	232,719	81.9%
Bonds	19,406	1.4%	21,008	1.3%	1,151	0.4%
Currencies/Commodities	312,382	22.2%	388,858	24.8%	50,130	17.7%
Hedge Funds	0	0.0%	0	0.0%	0	0.0%
Leverage products total	1,407,292	1.4%	1,565,743	1.6%	284,000	52.3%
TOTAL	98,421,455	100.0%	98,803,014	100.0%	543,182	100.0%

*Market volume adjusted for price changes = quantity outstanding as at 30 June 2011 x price as at 31 May 2011

Investment products by underlying asset

Market volume as at 30 June 2011

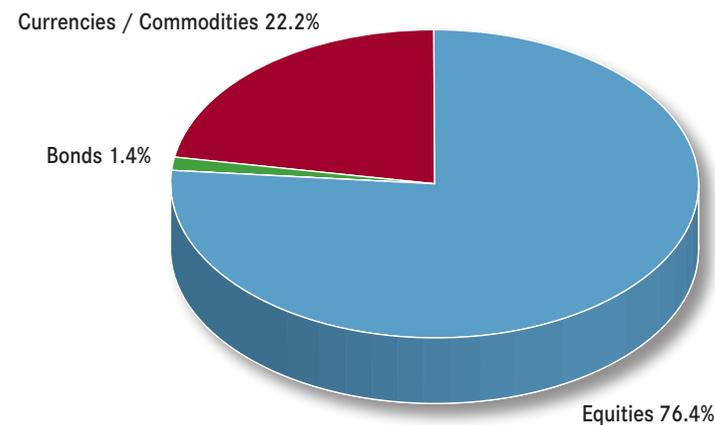


Change in the market volume by underlying asset as at 30 June 2011

Underlying	Change compared with previous month		Change compared with previous month. adjusted for price changes		Price effect
	T€	%	T€	%	%
Investment products					
Equities	-1,702,313	-3.3%	-1,561,023	-3.0%	-0.3%
Bonds	542,869	1.3%	549,875	1.3%	0.0%
Currencies/Commodities	-33,495	-1.2%	24,457	0.9%	-2.1%
Hedge Funds	-23,029	-2.4%	-6,169	-0.6%	-1.8%
Investment products total	-1,215,969	-1.2%	-992,860	-1.0%	-0.2%
Leverage products					
Equities	-26,989	-2.4%	53,383	4.8%	-7.3%
Bonds	-4,216	-17.8%	-2,613	-11.1%	-6.8%
Currencies/Commodities	-59,441	-16.0%	17,036	4.6%	-20.6%
Hedge Funds	0	0.0%	0	0.0%	0.0%
Leverage products total	-90,645	-6.1%	67,806	4.5%	-10.6%
TOTAL	-1,306,614	-1.3%	-925,054	-0.9%	-0.4%

Leverage products by underlying asset

Market volume as at 30 June 2011



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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