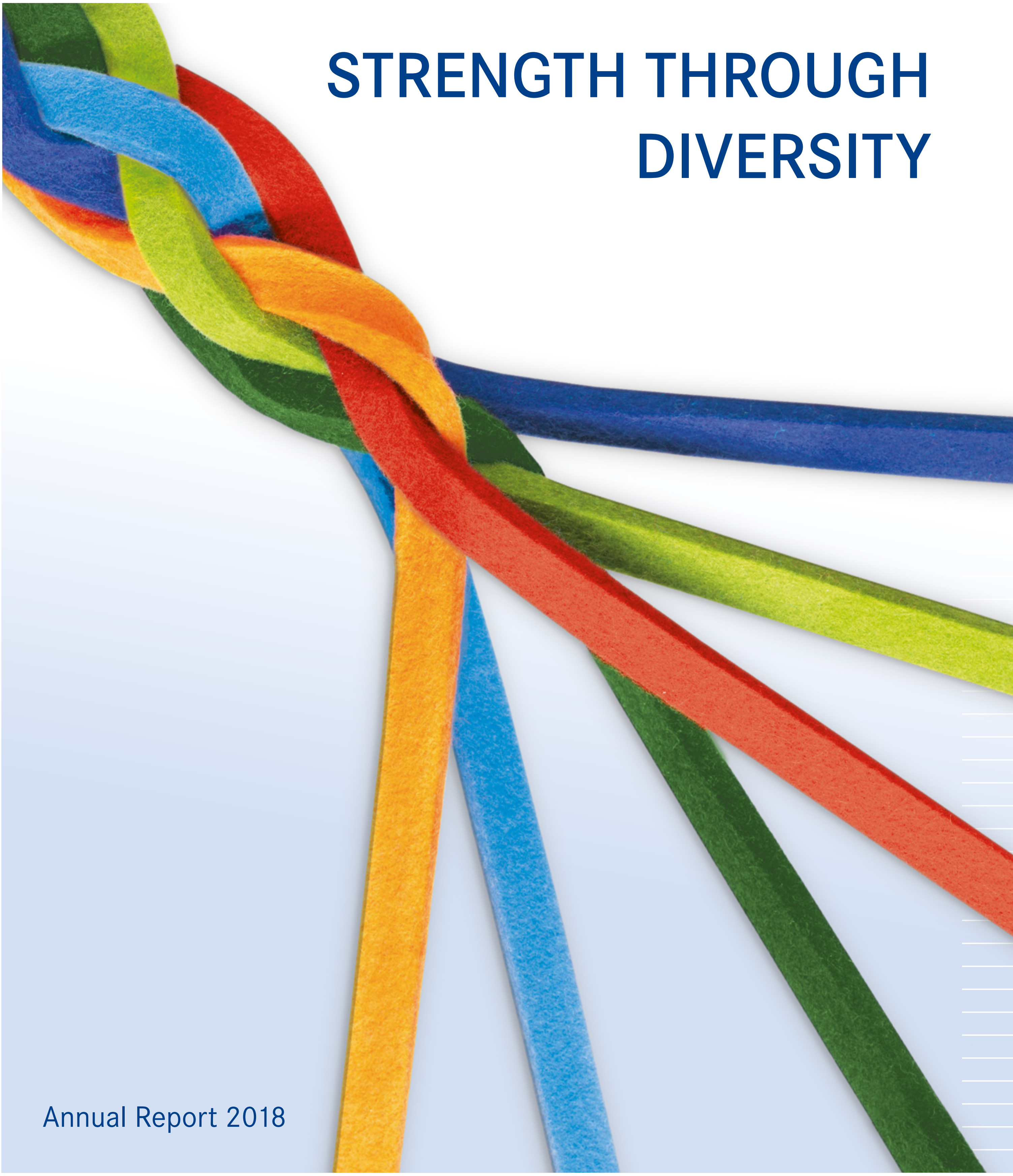
DDV
Deutscher Derivate Verband

STRENGTH THROUGH DIVERSITY



Annual Report 2018

Constant change

The diversity referred to in the title of this annual report is important for success not only in nature, society and politics, but also for investments in securities, where the principle of diversification should guide investors' decisions. The broad universe of investment and leverage products ensures that every investor can find the perfect product to suit his or her needs.

Strength through diversity is also the watchword of the Deutscher Derivate Verband, the German Derivatives Association (DDV). The range of information and other offerings from the Association has become increasingly varied and diverse over the years – both on our website and in our brochures and books. We also organise a variety of events, such as the German Derivatives Day, the Structured Products Breakfast and the DDV Business Journalism Award. Education and training initiatives round out our public relations work.

However, regulatory work and political communication remain the core focus of the Association's activities. Here, we also favour diversity over homogeneity. We keep track of the numerous regulatory projects of the legislature and supervisory authorities at both the German and European level. We are also increasingly communicating with associations in other member states of the European Union, and joining forces with them on policy projects. We write commentaries, draw up discussion papers, use our INFORUM information service to take positions on different issues, and, together with our specialists, engage in technical dialogue with policymakers. As a political advocacy association, we are committed to ensuring clear and fair conditions for structured securities in the interests of investors.

We are delighted with the interest shown by the media, policymakers and also many retail investors in the issues we are concerned with. The year 2018 was another eventful year for the Association and, thanks to the great support of our members and sponsors, a successful one for which we would like to express our gratitude.

Passing the baton

The year 2019 sees a major change at the management level of the DDV. Having reached retirement age, Dr Hartmut Knüppel departed from the Association in February. He headed the DDV for eleven years, working energetically on behalf of the structured products sector. Dr Knüppel co-founded and built up the Association, laying the foundations for the work currently performed by the DDV. The transparency initiative has been crucially important in this context, and still forms a major focus of the DDV's work.

Dr Henning Bergmann (left) and Dr Hartmut Knüppel (right)

> 'I am delighted to take over from Hartmut Knüppel and give the DDV even more clout in a challenging regulatory environment.'
>
> Dr Henning Bergmann

I am delighted to take on the role of CEO of the Association, and look forward to positioning the DDV as a reliable partner at the German and European level, thus further increasing our clout.

Berlin/Frankfurt am Main, May 2019

Dr Henning Bergmann
CEO and Member of the Board of Directors

SHAPING OPINIONS

European regulation: finding a new balance

Page 6

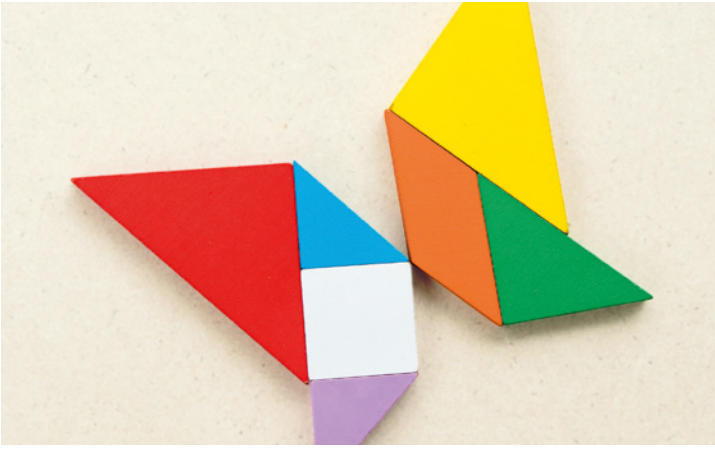
Transferring the regulation of the financial markets to the EU level brings new challenges

SHAPING OPINIONS

Academic study: complexity – a new perspective

Page 19

This new approach to determining complexity is an alternative to the current regulation



WORKING TOGETHER

German Derivatives Day: new impetus and different approaches

Page 20

Together issuers, politicians, journalists and academics discuss current financial topics

Table of contents

SHAPING OPINIONS

WORKING TOGETHER

MEDIA

MARKET

MANAGEMENT

European regulation: **finding a new balance**

The European Union is playing an increasingly important role in the regulation of financial markets. It is not only the regulatory requirements that are multiplying. The European Supervisory Authorities are also gaining in importance and requiring an ever-increasing amount of detail. This development is a major challenge for implementation at the national level.

→ At the beginning of 2018, two major sets of rules came into force in the European Union: the revised Markets in Financial Instruments Directive (MiFID II) and the regulation on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation). For credit institutions, applying MiFID II means dealing with more than 20,000 pages of text. Although the PRIIPs requirements only amount to 164 pages, the German rules for the product information sheets, which were superseded by key information documents (KIDs), covered no more than 15 pages – including the interpretation of the German Financial Supervisory Authority (BaFin).

DDV more actively involved in Europe

The extent and the level of detail of the new regulatory requirements are unprecedented, and pose a major challenge for the financial sector. In addition, the pronouncements of the European Supervisory Authorities based on these requirements are now binding to a greater degree than in the past. The national structures also have to adapt to this. This development at the European level has a big impact on the direction and content of the Association's work. Whereas a few years ago many regulatory decisions in the area of finance were still being made at the national level, this process is increasingly shifting to the European level. Previously, when there was conflict with regard to the content of planned new laws, the DDV could often work at the national level towards a more practicable regulation by engaging in dialogue with the legislature and BaFin. However, the demand for details, and the highly binding nature of new European requirements, leaves less and less room for manœuvre. For this reason, the DDV is now placing more emphasis on cooperation at the European level. This includes not only intensive dialogue with members of the European Parliament, the European Commission, the European Securities and Markets Authority (ESMA) and other supervisory authorities, but also its work with the European Structured Investment Products Association (EUSIPA) and cooperation with associations in the structured products and financial sector from other member states of the European Union (see also page 13).

The highly topical issue of product intervention, in particular, has demonstrated clearly that direct, open dialogue – especially with ESMA – is now essential (see also page 8). Regular exchange of data, facts, and views makes regulation more understandable, more practicable, and therefore better. It also gives institutions the opportunity to respond better to the requirements of the supervisory authorities.

Need for caution in transferring responsibility

It is also worth entering the discussion with regard to the review of the European Supervisory Authorities (ESAs) – which provides for a wide-ranging transfer of responsibilities to the European Supervisory Authorities – at an early stage, and to campaign for an appropriate and efficient supervisory structure. There are markets and issues that are influenced by Europe or that are just developing; in these cases it is sensible to provide for European supervision. They include data providers that are subject to a new supervisory regime under MiFID II. On the other hand, the largely well-functioning markets and different structures of the individual member states should be taken into account. They have developed on the basis of country-specific requirements. For example, there are huge differences in the retail securities business in the individual EU countries. In future, even more careful consideration should be given to which areas need European harmonisation and which structures have proved their value due to their national characteristics.

BaFin – and, of course, other national regulators – have country-specific knowledge and competence. This should not be given up lightly for the sake of theoretical improvements to the European supervisory architecture. This

applies all the more if the supervisory processes are managed at the national level to the satisfaction of market participants and there is no reason to transfer them to the European level.

The superior competence of national structures comes into play in the examination and approval of prospectuses. A conflict is on the horizon in this area, as ESMA wants to take over the approval of some prospectuses (see also page 10), although the passporting principle – under which a prospectus approved by a single EU member state is valid for the entire Single Market – has so far worked well. The DDV is committed to ensuring that the very effective current system for examining and approving securities prospectuses is retained. Competences should only be transferred and existing structures changed if this leads to an improvement in quality. Shifting competence to the EU level is not the way to remedy supervisory deficiencies in other countries.

Implementing and checking regulations

Comparable standards throughout Europe are important for investors and companies, especially in the light of the completion of capital markets union. For such standards to be established, it is necessary that the European regulatory frameworks be implemented consistently throughout the EU and that national laws be harmonised. The EU authorities have to ensure that European Union law is implemented properly and on schedule in all EU countries. Unfortunately, with the revised Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR) this did not take place. In Germany, the requirements were implemented at great cost on schedule in January 2018. Other countries also complied, but not all EU member states did so. This example highlights the need for action: European regulation should be designed to be implementable on schedule at a reasonable cost in all countries.

It should be made clear which specific problem is actually meant to be solved by a particular regulatory measure – especially if the measure is very detailed and is aimed at wide-ranging harmonisation of the market. It should also be clarified in advance whether the problem arises to the same extent in all member states. Accordingly, for practicable and effective regulation, exhaustive market and impact studies should be carried out in advance. The experience of the past few years has shown that many of the regulatory ambiguities and much 'collateral damage' could have been avoided if the potential intended and unintended effects of the regulation had been looked into more carefully beforehand. Just one example is the presentation of incomprehensible information on costs and performance scenarios in the key information documents (KIDs), which has completely bewildered retail investors (see also page 9). The detailed specifications now have to be laboriously reviewed and adjusted.

The effectiveness of existing securities regulations also has to be checked: will the effort put in by credit institutions benefit investors? In many cases, the answer to this at present is a resounding 'No.'

Sustainability – the new challenge

The principles of subsidiarity and proportionality should again play a more important role overall in financial market regulation. This particularly applies to coping with future challenges with the involvement of the new European Parliament. Extensive debates on sustainable finance are soon to be expected (see also page 23). If policymakers want to ensure the success of their plans to make the economy more sustainable in the interests of future generations, all stakeholders affected by this regulation should be consulted right from the start.

Product intervention: **DDV averts ban**

In 2018, the European Securities and Markets Authority (ESMA) used its product intervention powers for the first time. The measures severely restrict the provision of contracts for difference (CFDs) and prohibit the provision of binary options to retail investors in the European Union. By engaging in dialogue with the supervisory authorities early in the process, the DDV managed to prevent individual products provided by its members from being wrongly included in the restrictions.

→ Since MiFID II and MiFIR came into effect, ESMA has had the power to restrict or prohibit the marketing, distribution and sale of certain financial instruments temporarily under very limited conditions. These powers were used for the first time on 22 May 2018: ESMA prohibited the distribution of binary options to retail investors and imposed significant restrictions on CFDs. These two product types cannot be lumped together with the investment and leverage products represented by the DDV – or so one would have thought. However, ESMA chose such broad definitions for CFDs and binary options that uncertainty also arose for established products from issuers of structured products.

Broad definition jeopardises established products

While the DDV managed to achieve an explicit exemption from the CFD measure for Warrants and Turbo Certificates by participating in the consultation process preceding ESMA's intervention, some lack of clarity remained with regard to the terminology around binary options. The possibility could not be ruled out that popular products such as inline warrants and comparable securities might also be included – completely unjustifiably, in the view of the DDV. This was criticised not only by the structured products sector. Many investors also contacted the DDV in the summer of 2018 to express their annoyance with ESMA, as they suddenly found themselves unable to buy inline warrants. The DDV worked hard to convince ESMA, in particular, that products such as inline warrants should not fall within the scope of the measure. A meeting was held in Paris, following which the DDV sent ESMA comprehensive facts and figures on inline warrants and comparable securities.

DDV principles for inline warrants

The DDV's work was rewarded. At the end of August 2018, while extending the product prohibition on binary options, ESMA announced that it was excluding financial instruments with a minimum term of 90 days from the date of issuance that are accompanied by a prospectus, where the provider does not assume the market risks itself, and in which the provider only charges for costs disclosed in advance. Most of these conditions were already fulfilled by inline warrants. As a complementary measure, in October 2018, the DDV published its Principles for the issuance of inline warrants and comparable securities for distribution to retail clients in Germany. These principles ensure that the DDV's members meet, and even go further than, ESMA's requirements. For instance, they stipulate that the relevant securities should not be offered to investors that only have a basic knowledge of financial products. This has further reinforced the uniform market standards for these securities in Germany, and the issuance of inline warrants and comparable securities was permitted again from 2 October 2018.

However, the work of the DDV with regard to product intervention is far from over. The Association continues to follow the various activities of the supervisory authorities very closely to ensure that the products in the Derivatives League are not unfairly disadvantaged.

Nikolaus Wilke
Vice President Legal and Regulatory Affairs

PRIIPs:
from theory to practice

On 1 January 2018, the moment arrived: following an extension of the preparation period by a year, the European Union's regulation on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation) finally came into effect. Issuers of structured securities now have to provide potential investors with a key information document (KID), containing all the important information about the product, before the investors make their investment decision. Twelve months later, the DDV takes stock of the situation.

→ At the beginning of the year, things got busy. The DDV and its members had made extensive preparations for the introduction of the key information documents. In committee work that continued for several months, the DDV drew up sample key information documents for 23 different product types, and the requirements of the PRIIPs Regulation were met on schedule. Now, the newly developed industry standard had to prove that it could exist not only on paper but also in practice. And it did.

However, the regulatory provisions are unclear in many aspects. In a number of cases, they provide specifications that lead to the presentation of incomprehensible information, particularly with regard to performance scenarios and costs.

First improvements achieved ...

As the DDV works to bring about greater transparency and comprehensibility of financial products in the interest of effective investor protection, we immediately sought discussions with regulators, supervisory authorities and policymakers. Our aim was to change as quickly as possible the rigid regulatory specifications that led to the presentation of unclear information on performance scenarios and costs. Issuers were being forced to publish details that need a lot of explanation and are therefore not comprehensible to the average, reasonably well-informed investor. Against this background, we campaigned for the modification of the PRIIPs Regulation, or at least of the Regulatory Technical Standards (RTS).

In July 2018, we achieved some success with the publication of questions and answers (Q&As) on the subject by the Joint Committee of the European Supervisory Authorities (ESAs). For the structured products sector, the most important aspect is the discontinuation of annualisation – the conversion of investment performance figures to show the rate for a full year – for products with a recommended holding period of less than one year.

The previous specifications had resulted in unclear figures having to be presented to potential investors. In the interests of comprehensible investor information, the DDV had actively campaigned for this particular problem to be solved during meetings with the EU Commission and the regulators.

... some problems still unresolved

At the end of the year, it was decided to postpone the PRIIPs review, which in our opinion was urgently needed. This thorough examination of the regulation, originally planned for December 2018, will now not take place until the end of 2019. Only a thorough revision of the legal requirements will ensure that the remaining deficiencies are eliminated with legal certainty, or at least mitigated. The key information documents are supposed to describe in no more than three pages the essential features of a financial product and how it works, to enable the investor to make an informed investment decision. However, the unclear provisions of the regulation and the Regulatory Technical Standards are at odds with this aim. This urgently needs correction by the legislature.

Berthold Knetsch (until April 2019)
Vice President Legal Documentation / Project Management

New prospectus law: **implementation well on track**

From 21 July 2019, the new EU Prospectus Regulation will apply to all public offers of securities in the European Economic Area and to the admission of securities to a regulated market. Work has begun on the extensive implementation measures.

→ A securities prospectus describes in great detail all the essential components of a securities instrument, the way it works and the risks it entails. The presentation of these details is governed by a raft of regulatory specifications, the implementation of which is often either difficult or involves a huge amount of work and expenditure. The new EU Prospectus Regulation is aimed at providing for greater simplicity and flexibility with regard to the drawing up of prospectuses, and breaking down excessive regulatory requirements for public offerings and the admission of securities to listing on a financial market. For structured products issuers, however, it has fallen short of this goal. Even so, it has been possible to negotiate to have some of the detailed requirements dropped. Some of these would have made the implementation significantly more difficult for issuers, such as the stipulation that a structured product's underlying has to be described in detail on the basis of the issuer's registration document. This would have meant that the underlying would have to be treated in exactly the same way as its issuer, although the issuer risk associated with a structured product only depends on the issuer of the relevant structured product.

Swift implementation requires clear specifications

The European Securities and Markets Authority (ESMA) has presented its recommendations for the further refinement of the specifications by means of what are known as delegated acts at the end of the first half-year. The planned guidelines for the presentation of information on risks are still being evaluated following consultation. Swift final publication of all the legal acts is necessary for conversion to the new regime to take place on schedule. This primarily affects conversion by the supervisory authorities. For the transmission of machine-readable data to ESMA via the German Financial Supervisory Authority (BaFin) under the new system of reporting for securities issuances, IT systems will have to be set up and adapted. However, the devil is often in the detail. Special challenges exist in the case of structured products issuances, as they are characterised by a high degree of automation and high issuance frequency.

This is what differentiates structured products from other categories of securities. The final regulatory technical standards from the EU Commission and ESMA should take this fact into account.

DDV members prepare for implementation

In the expectation that the final texts will not differ significantly from ESMA's recommendations, the members of the DDV have started work on the implementation measures. Some of the central questions are being tackled as part of the DDV project to develop sample text modules for securities prospectuses. These include the categorisation and weighting of risks, and the structuring of the new summary, which contains all the main points of the prospectus in condensed form. The supervisory authorities' observations on the use of "simple language" will also be taken into account.

In conclusion, much has been achieved with respect to implementation, but there is still much to be done. The regulatory provisions are extensive, and some major problems and many smaller issues remain unsolved. We hope that the regulators will provide sufficient clarification by 21 July 2019.

Dr Katja Kirchstein
Senior Advisor

Taxes:
Groundhog Day

Is it coming, or not? The planned introduction of the financial transaction tax makes the headlines at regular intervals. In recent months it has been back in the news again. The decision to introduce the tax was made in 2012, but no headway has been made on the much-discussed project since then. The same applies to the abolition of the flat-rate withholding tax. And that is a good thing.

→ The tax treatment of securities is a significant factor in their attractiveness to investors. The DDV campaigns on this front on behalf of investors. However, in recent times, the legislature has been sending out unwelcome signals regarding the taxation of securities. In the coalition agreement signed at the beginning of 2018, Germany's Christian Democratic Union (CDU), Christian Social Union (CSU) and Social Democratic Party (SPD) again committed to the introduction of a financial transaction tax in the European context. Another project of the grand coalition is the abolition of the flat-rate withholding tax on interest income, which is planned once the automatic exchange of information is established. Interest income will then be taxed at the same rate as personal income tax, and this can be significantly higher than the flat rate of 25 percent. For buyers of securities, this is not good news.

Tax policy journey

According to German Federal Minister of Finance Olaf Scholz and Chancellor Angela Merkel, the financial transaction tax will initially only be levied on stock exchange transactions, not on derivative instruments trading or other financial transactions. The German government is being guided by the views of the French President Emmanuel Macron, who in the European context would only support a stock exchange tax – not an all-embracing financial transaction tax. A stock market tax is in place already in France and also, in a similar form, in the United Kingdom. The revenue is to be channelled into an EU investment budget or the regular EU budget. The main purpose of introducing the tax would be to curb speculation, limit price volatility and stabilise the financial system. That is the theory. In practice, this pared-down version of the financial transaction tax would primarily affect retail investors. The reason for this is that regular share trading would be taxed in the future, and this would further discourage German savers – who are already sceptical about equities and other securities – from investing their money on the capital market.

The abolition of the flat-rate withholding tax will make the situation even worse with regard to the securities investment culture. However, little is known as yet about the implementation of this proposal. The German federal government does not want to make decisions on the future form of the flat-rate withholding tax until the automatic exchange of information on financial accounts between international tax authorities is established. The government has not yet answered important questions such as how to avoid fragmenting and complicating the tax law, or how complex demarcation problems regarding interest, dividends and capital gains can be solved. Nor has any concept been developed for the increase of the savings allowance for retail investors. However, there is still hope. The analysis of data from the automatic exchange of information between international tax authorities cannot begin until the middle of 2020 at the earliest. This – and the fact that there is no concept in place yet – suggests that the abolition of the 25 percent withholding tax will not be implemented during the current legislative period.

The implementation of both proposals would place a huge cost burden on banks and damage Germany as a financial centre. Above all, though, securities would become less attractive to retail investors. Instead of promoting securities as an attractive investment, thus encouraging capital accumulation and retirement provision by a broad cross-section of the population, the introduction of these taxes would further weaken the securities investment culture in Germany. Policymakers would be well advised to shelve both projects once and for all.

Elena Zettelmeyer
Vice President Government Relations

ESMA and IOSCO: **DDV well represented in international committees**

European and international supervisory authorities play an increasingly important role in financial market regulation. In the European Union, the European Securities and Markets Authority (ESMA) lays down extensive guidelines. The International Organization of Securities Commissions (IOSCO) operates at a global level, setting many standards that are intended as a guide for national supervisory authorities. To ensure effective representation of interests, it is vital to be represented in both institutions.

→ The MiFID II legislative framework and the PRIIPs Regulation highlight the extent to which ESMA has become an integral part of the European regulatory world. The Paris-based authority, with its staff of around 200 people, plays a part in many regulatory specifications. In addition to these, they are involved in numerous directives and interpretations, the legal quality of which has been called into question in some cases. The DDV holds regular meetings with ESMA and is also well represented in the committees. Dr Henning Bergmann, CEO and Member of the Board of Directors of the DDV, is a member of the Consultative Working Group of the Investor Protection and Intermediaries Standing Committee (IPISC), and can therefore directly help to shape opinions in these key areas affecting the sector. This means the views of the structured products sector can be presented directly to the decision makers at ESMA.

At the international level, in many cases the recommendations of IOSCO also influence laws, and consequently market structures, in Germany and other countries. With its more than 200 members around the world, IOSCO develops important international standards for securities supervision. In 2013, it published a regulatory toolkit for structured products that can be used by national supervisory authorities as needed. During 2018, IOSCO caused quite a stir with the publication of its Final Report on OTC Leveraged Products. Against this background, it has repeatedly proved advantageous that, as an affiliate member of IOSCO since 2013, the DDV is also well represented at the international level and can bring its structured securities expertise to the table at international conferences.

IOSCO develops important global standards for securities supervision.

Second French-German exchange of views: **closer cooperation in Europe**

For the past number of years, the DDV has been placing greater emphasis on the exchanging of views and cooperation with its European partners. In addition to intensive dialogue with members of the European Parliament, the European Commission, the European Securities and Markets Association (ESMA) and other national supervisory authorities, the DDV's work at the European Structured Investment Products Association (EUSIPA) and its cooperation with associations representing the structured products and financial sectors in other EU member states are becoming increasingly important.

The initiators of the French-German exchange of views:
Jean-Philippe Cavrois, Pauline Laurent and Dr Henning Bergmann

→ The second French-German exchange of views and experience took place at the DDV's office in Frankfurt am Main on 15 November 2018. This meeting format was launched in 2017 by the French structured products association (Association Française des Produits Dérivés de Bourse, AFPDB), the French financial markets association (Association française des marchés financiers, AMAFI) and the DDV. The many participants, who included representatives of the DDV's members and of French member institutions, discussed a number of regulatory issues and explored ideas for a common approach. An important point for discussion was the product intervention powers used by ESMA for the first time in 2018 with respect to binary options and CFDs. It is important to maintain an ongoing dialogue with ESMA to ensure that structured securities are not wrongly included in the restrictions. Other topics on which the discussions focused included product governance, transparency with regard to costs and inducements in accordance with MiFID II, and the many initiatives and problems in relation to the PRIIPs Regulation.

Lastly, the discussion turned to the controversial proposal in the review of the European Supervisory Authorities (ESAs) for the transfer of competence with regard to prospectus approval from the relevant national authorities to ESMA. There was also animated discussion regarding the future of the European Working Group and the work of the EU Commission on the issue of sustainability.

The German Financial Supervisory Authority (BaFin) also took part in the event at the invitation of the DDV. BaFin presented a brief report on the current situation with regard to the issues of product intervention and product governance, and engaged in intensive discussions with the participants. Overall, the second French-German exchange was a great success, and it is planned to continue the event in 2019.

Italian-German exchange of views

The DDV is also stepping up its involvement with another European partner association. The first Italian-German exchange of views took place in Milan on 21 November 2018, with participants invited by both the Italian structured products association (Associazione Italiana Certificati e Prodotti di Investimento, ACEPI) and the DDV. At the event, the associations and their member institutions took part in detailed discussions regarding current regulatory issues, and agreed on further action to be taken.

Nine associations, one strong voice: **the European umbrella association, EUSIPA**

Since 2009, the European Structured Investment Products Association (EUSIPA) has been representing the interests of the structured products sector in its dealings with the European Parliament, the EU Commission and the European Supervisory Authorities (ESAs). The umbrella association has established itself as a competent and reliable partner in all matters relating to structured securities. At the same time, EUSIPA and its nine member associations set European industry standards.

eusipa EUROPEAN STRUCTURED INVESTMENT PRODUCTS ASSOCIATION

The new regulatory requirements of the European Parliament and the EU Commission posed great challenges for the sector in 2018. One of the central issues was the implementation of the European Union's regulation on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation). The new rules for the creation of key information documents (KIDs) proved extremely complicated and technically challenging. Some were also completely lacking in practical relevance and misleading for investors. After the failure of the first attempts to induce the EU institutions to improve the half-baked provisions, the European umbrella association and its members developed practicable proposals for changes. In weekly telephone conferences, experts from major European issuers and strong local banks developed proposals for alternative solutions to important technical questions. These included complicated matters such as the annualisation of performance scenarios for products with short holding periods, and the development of models to include cash flows in scenario forecasts. The result was a list of recommendations on the current PRIIPs implementation practice, and detailed proposals for the redefinition of some of the key requirements of the regulation.

Involving experts at an earlier stage

On this occasion, EUSIPA again underlined the fundamental need to engage the technical knowledge of sector experts and practitioners in legislation at the EU level at an early stage, and to avoid rushed regulatory responses. This criticism is based on the working methods of many EU institutions, which avoid debates regarding technical details, as they fear they will revive political discussions that have already been concluded. As a result, the institutions unfortunately only become involved in isolated proposals for improvements, which at best only marginally improve the quality of the relevant regulations.

The lack of legal certainty in the practical application of European regulation is also a big problem for banks. As an example, adjustments necessary for technical reasons are transferred to lists of questions and answers compiled subsequent to the drafting or enactment of laws. This form of 'legislation' is neither sustainable nor appropriate. Such documents are not actually legally binding. They can be amended as desired, bypassing the institutions responsible for the legislation. If they cover too many aspects, they also generally do not offer the banks concerned any stable or legally valid implementation framework.

→ Full members

ACEPI Associazione Italiana Certificati e Prodotti di Investimento	SVSP Schweizerischer Verband für Strukturierte Produkte / Swiss Structured Products Association / Associazione Svizzera per prodotti strutturati / Association Suisse Produits Structurés
afpdb association française des produits dérivés de Bourse	SETIPA Swedish Exchange Traded Investment Products Association
BELSIPA Building transparency	UK Structured Products Association
DDV Deutscher Derivate Verband	Zertifikate Forum Austria
Nedsipa	

(January 2019)

Ever closer cooperation

The strengthening of the Association's working relationship with European partner associations in 2018 was a positive development. Back in 2017, by working with these and other associations, EUSIPA obtained the postponement of the PRIIPs Regulation by 12 months. Another opportunity for the associations to act together was on the implementation of MiFID II. The focus here was on strategic issues of great importance for the financial sector as a whole. Just one example is the definition of a target market for all financial products distributed to retail investors.

The planned reorganisation of the European financial supervisory authorities was another subject dominating policy discussions in 2018. The aim here is to find a balance between parliamentary control, efficiency of legislation and the demands of supervisory practice. A major problem at present is that the EU Commission delegates much of the transposition process to the European Supervisory Authorities (ESAs), which are supposed to make decisions on a multitude of individual technical questions. However, many technical aspects also have a political dimension. In these cases, the European Parliament has a right to be involved, with good reason.

→ Board of Directors

Heike Arbter
President of EUSIPA

Roger Studer
Vice President of EUSIPA

Dr Henning Bergmann
DDV

Jean-Philippe Cavrois
AFPDB

Florence Devleeschauwer
BELSIPA

Zak de Mariveles
UK SPA

Erik Mauritz
NEDSIPA

Dario Savoia
ACEPI

Jürg Stähelin
SVSP

Frank Weingarts
ZFA

Glenn Wigren
SETIPA

→ General Assembly

Heike Arbter
ZFA

Jean-Philippe Cavrois
AFPDB

Florence Devleeschauwer
BELSIPA

Zak de Mariveles
UK SPA

Erik Mauritz
NEDSIPA

Klaus Oppermann
DDV

Dario Savoia
ACEPI

Roger Studer
SVSP

Glenn Wigren
SETIPA

A good example of this is the inclusion of historical performance data in the PRIIPs key information document. From the point of view of investors and users, these scenarios based on the past are highly unreliable, as they are not necessarily an indication of future success. It is often very difficult to separate the political and technical aspects. To leave it all to the regulators cannot be the solution.

Turbulent times for the EU

The year 2019 will be particularly interesting for stakeholders in Brussels. The anticipated exit of the United Kingdom is an unprecedented event. Brexit raises the general question as to what kind of relationship the European Union should actually have with neighbouring non-candidate countries. This subject is also of particular importance for Switzerland, as the Swiss Structured Products Association is a founding member of EUSIPA. In the ongoing negotiations between the EU on the one side and the United Kingdom and Switzerland on the other, the point at issue is also whether the regulatory practice of each side is mutually recognised to be equivalent to the other. In large parts of the financial sector, an appropriate legal framework is considered indispensable for the continued strong interdependence of the highly developed capital markets.

Secretary General of EUSIPA
Thomas Wulf

However, the coming months are likely to be dominated not only by Brexit, but also by the important European Parliament election. Profound changes in the political forces are on the rise. At the same time, instability is increasing around the globe, trade wars are dampening economic growth, military conflicts remain unresolved, climate change continues unabated, and no long-term solution to the impacts of the refugee crisis is in sight. It is obvious that there are no national solutions to all these global problems. Europe is facing its greatest test so far.

Securities: **still an indispensable means of accumulating capital and providing for retirement**

Many Germans are reluctant to invest in securities. This adds to wealth inequality, which, in turn, increases tensions in our society. Higher earners are particularly likely to use securities to increase their assets. Others steer clear of them, partly because left-wing politicians and over-zealous investor protection associations convince them that securities are much too risky. However, keeping money under the mattress or in a piggy bank is not the solution, but the problem.

→ Germany is at a relatively undeveloped stage with regard to cultivating a culture of investing in securities. The negative impact of this is becoming ever clearer. Some EUR 2.3 trillion is languishing in current or instant-access savings accounts earning low interest or none at all. At the same time, inflation is increasing. The result, to put it plainly, is wealth destruction. Germans are losing almost EUR 43 billion every year by 'saving'.

While there has not been any change in income inequality in Germany, the distribution of wealth is a different matter. The rich are becoming richer, while the poor are staying poor. An asset-less stratum of society is forming. This is a serious situation for a society that has hitherto always stood out for its social equality. It has grave consequences for the cohesion of our country. In political terms, it also gives strength to both the far right and far left. Policymakers, industry and the media should therefore do everything to ensure that more people invest in securities and make good investment decisions that enable them to build up long-term financial reserves while also making provisions for old age.

Providing guidance

But what exactly do investors actually need? Retail investors want financial products that meet their needs, with high returns and low costs. These should be in line with their personal risk profile, their expectations with regard to returns and their investment horizon. To enable them to select the right financial products, investors need high-quality, easily understood information that explains the key features of the financial product in question and how it works. Also, no investor wants to be surprised by the costs. Cost transparency is therefore of crucial importance, as is product transparency.

The structured products industry has done its homework. Along with its members, the Deutscher Derivate Verband (DDV) – the German Derivatives Association – has set a number of industry standards in the past decade and done much to create clarity, transparency and comparability for investors. The German structured products market is held up as an example for the rest of Europe, especially for product and cost transparency. The universe of structured products is now so extensive that any investor wanting to invest in a specific underlying can find a suitable structured product, whatever their individual risk / return profile.

At the same time, the DDV focuses on financial education. With publications, videos, podcasts and online training, the Association imparts practical information on structured products to investors. The new education initiative, DDV on Tour, in which the renowned stock market expert Holger Scholze shares his financial knowledge, has also been launched with great success. It is now very popular throughout Germany.

Clarifying the maze of documentation

The issue of investment advice has become one of the greatest obstacles in the buying of securities. Investor protection is essential for the development of a culture of investing. For this reason, one of the tasks of legislators is to protect less well-informed investors in particular. Much useful work has been done in this area in recent years. However, some of the legislation, particularly with regard to investment advice, is excessive.

The procedures involved in the buying of securities are laborious and time-consuming. The administrative burden is now so great that customers are becoming exasperated and shying away from investing in securities. A consultation with an investment advisor can now take up to two hours due to all the requirements that have to be met. Banks are obliged to provide investors a huge amount of information.

'Investment advice has to be simplified, and the maze of documentation has to be made intelligible. Entire forests are being cut down to produce literature for people who are not reading it.'

Dr Hartmut Knüppel

Entire forests are being cut down to produce literature for people who are not reading it. The information sheets are to some extent more confusing than helpful. Legislators should seek more advice from experts and practitioners before approving regulatory measures. This also applies to supervision at the European level. The revised Markets in Financial Instruments Directive (MiFID II), the extensive EU regulatory framework introduced at the start of 2018, now comprises over 1.4 million clauses on more than 20,000 pages. This is not what proportionate regulation should look like.

A change of direction with regard to taxes

A sustainable culture of investing also needs intelligent tax laws that do not place an unreasonable burden on the investor and that make investing in securities attractive. Abolishing the flat-rate withholding tax on interest income as planned, while retaining this tax on dividends and capital appreciation, will make the German tax system even more complicated and create many new problems with regard to the differentiation of products. For banks, the implementation will involve unjustifiably high costs. It will also cause considerable extra work for the tax authorities, not to mention investors, who will have to spend even more time on their tax returns. The planned financial transaction tax based on the French model will also cause everyone to lose out: the Single Market, Germany as a financial market, banks and companies, and, of course, the investors who buy equities.

Both tax proposals by the German coalition government are only token political gestures in the name of social justice. The political action proposed is not determined by clear facts, but vague feelings. These tax changes are ultimately just another nail in the coffin of Germany's culture of investing.

Employing expert knowledge

We need a thorough rethink with regard to securities in Germany. Capital accumulation and retirement provision are not the responsibility of the state alone. Our social market economy is based on individuals taking responsibility for themselves and their families – including in financial matters. Everyone has to spend a little time on their finances. The fact that investing in securities can be risky should not make us lose sight of the opportunities. Journalists can offer guidance and help in this respect. Anyone with a full piggy bank or money sitting in a current account should get organised and invest part of their money in securities.

Action is also needed from the legislature. In addition to the statutory pension, they must finally give active support to the other two pillars of the German pension system: occupational and private pension schemes. The current tax regime for securities has proved effective. The flat-rate withholding tax on interest income should therefore be retained and the utterly unacceptable financial transaction tax consigned to the scrap heap. Furthermore, the existing regulatory framework must be reviewed as quickly as possible. The completely ridiculous over-regulation of the provision of investment advice should be reversed, as it is quenching all interest in the securities business on the part of both financial institutions and customers.

Supervision at the national level, as well as at the European level with the European Securities and Markets Authority (ESMA), is becoming increasingly important for the securities business. I am calling for practitioners to be involved in this process at an early stage. This would enable political objectives to be achieved with much less effort. Promoting a culture of investing has a macroeconomic and a macrosocial dimension. It is about the central promise of the social market economy – prosperity for all. To achieve this, we need securities. These include equities, bonds and, of course, structured products.

INFORUM: the key issues of 2018

The DDV publishes a regular policy newsletter entitled INFORUM, which examines and takes a clear line on current issues affecting the structured products sector. The information service is aimed primarily at policymakers in Berlin and Brussels.

→ **Costs of investing in structured products**
→ **What are structured products actually for?**
→ **Diversity calls for standards**
→ **Complexity: a new perspective**

The newsletter is another way in which the Association contributes to policy discussions and helps to shape opinions. To this end, the DDV compiles and analyses essential facts and figures related to the structured products sector, and interviews policy experts, academics and industry professionals. Each issue also has a specific policy focus.

The first issue in 2018 focused on an extensive and detailed academic study on the cost components and overall costs of investing in structured products. The good news is that anyone who believes structured products are expensive is mistaken.

In the second issue, we dealt with the fundamental question of what structured products are actually for, what their typical features are, and what makes them different from comparable financial products. The point was also to clear up some misconceptions and prejudices by presenting the facts.

The third issue focused on standards in the sector and their advantages for investors. Standards create greater transparency and clarity. Party budgetary spokespersons were also given an opportunity to comment. They explained where they believe the state is spending too much money.

In the final issue, we introduced a new academic concept for determining how complex different financial products are, which indicates radical change to the current regulatory approach is necessary – what matters is not what the regulator views as complex, but the investor's point of view.

The INFORUM newsletter has become an important element of political communication. It allows us to explain complex issues to policymakers in a direct, clear and attractive way.

Academic study:
complexity – a new perspective

Securities can be evaluated by a number of criteria, the main ones being return, risk, liquidity and investment horizon. In the view of European regulatory authorities, there is also another criterion to be taken into account: the complexity of the securities instrument in question.

→ Whether a financial product is classified as complex or non-complex is particularly important in the case of investment advice. The classification of a securities instrument dictates whether it can be offered for sale without advice, and to what extent a detailed risk disclosure statement is necessary. However, with their current definition of complexity, in many cases the regulatory authorities are misleading investors. Current European regulation provides for classification of whole groups of products. Under this system, products such as standard life assurance are classified as non-complex, whereas futures linked to the German DAX blue-chip index are classified as complex. This type of classification is very general. Differences within the individual product categories are not taken account of. The classification focuses on the product rather than the investor.

A new approach by the University of Tübingen in Germany puts the investor centre stage rather than the financial product. According to the new definition, a financial product is deemed non-complex if investors can determine the precise value of their investment at any time. However, if no precise information is available on the value of the financial product, and there is a possibility that the price will be very different from the value estimated by the investor, the product is considered complex. The bigger the difference between the estimated and actual value, the more complex the product is deemed to be.

In the study, which was commissioned by the DDV, academics at the University of Tübingen analysed a variety of products from different asset classes – bonds, equities, structured products, derivative instruments and investment funds – to determine their complexity from the investor's point of view. The findings show big differences among the individual asset classes. Some of the products categorised as non-complex under the revised European Union Markets in Financial Instruments Directive (MiFID II), such as life assurance and investment funds, proved to be especially complex. Conversely, some of the supposedly complex products are actually very user-friendly. In particular, the lack of transparency in the portfolio composition of life assurance products and most actively managed investment funds results in greater complexity, according to the new definition. Owing to the lack of information, investors cannot ascertain the value of these products easily and unambiguously. Financial products traded on stock exchanges are ahead of the field in this respect. Investors can find out the price at which the financial products are being traded at any time. This makes it easier to ascertain the value of the product and reduces complexity for investors.

Professor Dr Christian Koziol, Chair of Finance at the University of Tübingen and co-author of the study, commented: 'The classification applied by the European regulator is not consistent with the results of our study. Assessment of complexity should not be sweepingly determined at the level of product category.' According to Dr Koziol, a financial product with a complex internal structure is not necessarily complicated for an investor to use. He believes these general assumptions by the regulatory authority by no means reflect reality. He concluded: 'Our academic study shows that the present definition of complexity with regard to financial products is unsuitable. The European regulatory authorities should rethink this issue as a matter of urgency.'

Financial product	Degree of complexity	Classification under MiFID II
2-year German government bond (Bund)	0.53 %	non-complex
Fixed income fund	1.63 %	non-complex
DAX Future	1.82 %	complex
10-year German government bond (Bund)	2.90 %	non-complex
Credit-Linked Note	5.58 %	complex
Discount Certificate	7.29 %	complex
Equity fund	8.97 %	non-complex
Bonus Certificate	9.72 %	complex
Sample life assurance policy	11.73 %	non-complex
Non-traded corporate bonds (BBB rated)	31.59 %	non-complex

German Derivatives Day 2018: new impetus and different approaches

German Derivatives Day, which traditionally takes place in autumn at the Villa Kennedy hotel in Frankfurt am Main, is an opportunity for issuers, politicians and journalists from Germany and the rest of Europe to meet. Organised by the DDV, this convention is attended by more than 250 visitors every year, who come to hear talks by renowned experts and to join the discussions on current political issues and the latest developments in the financial and structured products sector.

→ In addition to current regulatory issues, one of the main topics this year was the promotion of a culture of securities investment. Dr Hartmut Knüppel discussed this at length in his opening address. In his view, Germany is a developing country in terms of securities investment. He claims that the lack of inclination to invest in securities, especially among those in the lower and middle income brackets, not only has negative consequences for capital accumulation and retirement provision for individuals, but is also partly responsible for the continued widening of the wealth gap in Germany. This, he believes, will ultimately undermine our constitutional democracy and our market economy.

Dr Knüppel called for clear signals from policymakers on this issue. He commented: 'Promoting a culture of investing in securities should be on the political agenda in Germany. But it is also necessary to re-think regulatory policy, especially in the areas of securities advice, which must be made simpler and less bureaucratic. The elimination of tax disincentives is also overdue.'

With regard to financial market regulation, Hartmut Knüppel said some of the legislation is excessive. He pointed out that the MiFID II directive, which came into force at the beginning of the year, comprises over 1.4 million clauses on more than 20,000 pages. Dr Knüppel believes this does not constitute sensible regulation, especially as the administrative effort and expense is out of all proportion to the benefit to investors. On the matter of tax legislation, he feels the planned abolition of the flat-rate withholding tax on interest and the introduction of a financial transaction tax would place an additional burden on investors and put another nail in the coffin of the German securities investment culture. At the end of his talk, Hartmut Knüppel officially announced that he would be handing over to Dr Henning Bergmann the role of CEO and Member of the Board of Directors of the Association.

Bettina Stark-Watzinger, a member of the German Bundestag and Chairperson of the German Bundestag's Finance Committee, discussed the financial policy challenges of the next few years.

She also stressed the necessity to persuade Germans to invest more in securities and to expand further the occupational and private component of the three-pillar pension model. She emphasised that too much information was given in the provision of investment advice. In her opinion, page after page of formulae are not helpful in the business of advising savers, and in some cases the information overload causes them to lose interest in investing. With regard to the capital markets, a balance has to be struck between protecting consumers and creating sufficient space for responsible, self-directed investors. Bettina Stark-Watzinger believes that the regulator should take account of this and judge its success on how well it is achieved.

The media were also represented: Stern magazine's political journalist and columnist Hans-Ulrich Jörges, who is known for his plain speaking, took stock of the socio-political situation and expressed a great deal of surprising views. With remarkable precision, the journalist painted a nuanced and thought-provoking picture of the political landscape in 2018. He said less than half of voters would currently vote for either of the two major parties. Hans-Ulrich Jörges believes there is a threat of a political earthquake at the upcoming regional elections in eastern Germany.

Gaining parliamentary majorities at the democratic end of the political spectrum remains difficult against this background. According to him, the Social Democratic Party (SPD) lacks clarity of policy, while for the Christian Democratic Union (CDU) much revolves around what happens after the era of Angela Merkel and which people will come to the fore. However, those responsible have failed to tackle systematically such urgent issues as the education crisis and digital transformation. In this regard, Germany faces a downhill slide in global terms.

The afternoon was dominated by academic studies and applied research. Professor Christian Koziol and Professor Steffen Meyer presented the findings of their latest research on the complexity of financial instruments and the profile of buyers of leverage products. Finally, financial expert Professor Andreas Hackethal dealt with behavioural economics and made the case for 'just-in-time' financial education in this context. He added that there is no financial solution that suits everyone; what is needed are products and concepts tailored to customers and their diverse needs as regards capital accumulation and retirement provision.







German Derivatives Day was again attended by more than 250 people, who came to hear talks by renowned experts and discuss the latest developments in the financial and structured products sectors.



Structured Products Breakfast: **the early bird catches the worm**

It is eight in the morning and Berlin is getting ready for action. To get politicians and business people to sit down together, you sometimes have to get up early. The Structured Products Breakfast, organised by the DDV, is one of those occasions.

Another Structured Products Breakfast was held in Berlin at the beginning of December. Once again, participants eagerly took advantage of the opportunity to exchange views with experts from the structured products sector before they went to work. An often underestimated role is played in Berlin's political scene by the teams working for members of the German Bundestag, policy advisers attached to the parliamentary groups in the Bundestag and the authorities representing the interests of the individual federal states, as well as embassy specialists and advisers. We know how important they are for the process of shaping political attitudes, so we invite them to our regular Structured Products Breakfast at the DDV's Berlin offices. This event offers an occasion for them to discuss financial policy matters in a relaxed atmosphere.

Hartmut Knüppel began by giving an insight into the world of investment products and leverage products. He explained how structured securities differ from other derivatives and gave an informative overview of the most important product categories in the DDV's Derivatives League. He also talked about the main focus of the Association's work.

Dominik Auricht, a member of the Board of Directors of the DDV who heads up the section of UniCredit responsible for the public distribution of certificates and warrants in Germany and Austria, gave a talk in which he described the lifecycle of a structured product, from the idea for the product right through to redemption and / or payout. Before providing a glimpse behind the scenes, Mr Auricht gave an introduction to the structured products market in Germany. He cleared up some misconceptions and showed that structured products offer good investment alternatives in the current low-interest environment. He then gave detailed and intriguing insights into the process for developing and creating structured products in the digital age. Of course, the subject of the regulation of the German structured products sector was also discussed at length, and a lively debate with the participants ensued.

The question and answer session and animated conversations that followed were so interesting that the event finished much later than planned.

Fireside Chat: **is sustainability becoming mainstream?**

On 16 October 2018, the DDV held its first Fireside Chat. In an informal setting, there was a lively exchange of views between experts and DDV members on the topic of sustainable investments. For many years the issue of sustainability was of little interest, but in the spring of 2018 the EU Commission placed it high on the political agenda with the publication of its action plan on financing sustainable growth.

Sustainable economic activity is becoming more of a priority to investors as well as policymakers and supervisory authorities. Ecological and social criteria are an increasingly significant factor in the investment decisions of many institutional and retail investors. Although the number of sustainably managed portfolios is still quite limited in absolute terms, they are steadily becoming more important. The volume attributed to the sustainable investment range overall also shows continuous growth.

Against this background, the DDV has also addressed the issue. A specific starting point was the EU Commission's action plan on financing sustainable growth, which was presented in the spring. This mainly concerns the development of a unified EU classification system. According to the Commission, one of the measures to be taken is 'to define what is sustainable and identify areas where sustainable investment can make the biggest impact.' But what do the new requirements mean for providers of both conventional and sustainable financial investments? What conditions do financial instruments have to fulfil to be called sustainable? To what extent is the structured products business directly affected by this? Experts and members of the DDV gathered at the DDV's office in Frankfurt am Main to discuss this and other questions and review the situation.

Roland Kölsch, Managing Director of Gesellschaft für Qualitätssicherung nachhaltiger Geldanlagen, which aims to make an active contribution to quality assurance for sustainable investments in the German-speaking countries, spoke about the political initiatives of the past few years, finishing with the most recent legislative package from the Brussels authorities. He pointed out that there are no recognised industry-wide standards yet, and commented that this meant sustainability criteria were open to interpretation and also that the weightings of specific quality characteristics could fluctuate.

Dr Lars Röh, a Partner at lindenpartners and a respected expert in capital market and securities law, described the measures planned by the European Union to make the global financial system comprehensively sustainable. He explained that in future all financial market participants will have to give detailed information in their sales documents as to how, for example, they handle environmental, social and governance (ESG) risks in their portfolios. Dr Röh's view is that investment advisers as well as portfolio and wealth managers should in future be obliged to question their customers specifically on their preferences with regard to sustainability. In this context, he believes, what the future mandatory classification system for sustainable standards stipulates on the matter is of crucial importance.

The participants in the Fireside Chat agreed that legally binding standards for categorising activities according to ESG criteria will significantly increase the transparency of sustainable financial investments, and therefore also make them far more attractive to investors. They believe it is important to ensure that the initiatives already existing in the market are being taken into consideration sufficiently. It is ultimately only by doing so that an adequate offering of sustainable financial investments can be created.

DDV Business Journalism Award: a win for the team

Journalism in the digital age faces major challenges. With speedy and at times splashy reporting, aimed at the highest possible number of clicks, balanced and thorough research is becoming increasingly important. This year, for the eleventh time, the DDV honoured journalists who excelled in writing high-quality articles on financial topics in a way that is easy to understand.

On the evening before the INVEST investor fair, the DDV presented its Journalist of the Year award for 2018 to the financial investments editorial team from Handelsblatt at the Kunstmuseum in Stuttgart. A new feature of this year's award was that journalists could submit their articles under four subject categories regardless of the medium in which they appeared. The editorial staff of Handelsblatt received recognition for their consistently well-researched reporting and for the large number of outstanding articles. The members of the financial investments team at Handelsblatt are Robert Landgraf (deputy head of the finance team), Susanne Schier (team leader), Andrea Cünnen, Georgios Kokologiannis, Ingo Narat, Reiner Reichel, Katharina Schneider, Jessica Schwarzer and Matthias Streit.

Explaining the jury's unanimous decision, Lars Brandau, Managing Director at the DDV, commented: 'We are delighted that the jury unanimously selected the Handelsblatt financial investments editorial team. This award is recognition of an outstanding achievement for journalism which, despite the rapid pace of the world in which we live, is impressive for its diligent research and its commitment to objectivity.' The award comes with prize money of EUR 5,000.

The main criteria on which the jury based their selection were quality of language, originality of approach and, above all, whether the material is presented in a way that is readily understandable for the reader. With these awards, the DDV aims to encourage other journalists to familiarise themselves with complex economic and financial topics, to present them in an investor-friendly way, and to state a clear point of view.

With the DDV Business Journalism Award, the DDV was once again able to rely on the close cooperation and support of the Stuttgart Exchange and the Frankfurt Exchange, where almost all structured products in Germany are traded.

Picture above: the evening's winners with the host (left to right): Connelly, Kokologiannis, Helemann, Schwarzer, Brandau, Zdrzalek, Wetjen, Scherff, Reim

Awards were presented in five other categories, including the Special Jury Award, each with a cash prize of EUR 1,000. The winners were:

→ Financial investments
Lukas Zdrzalek:, 'Ein Reinfall für zwei' [A double write-off], Capital, December 2017

→ Retirement planning
Stephan Haberer / Markus Hinterberger / Andreas Höss / Martin Reim / Stefan Rullkötter:, 'So geht Rente' [All about pensions], €uro, December 2017

→ General economic and financial policy
Dyrk Scherff:, 'Draghis Billionen' [Draghi's trillions], Frankfurter Allgemeine Sonntagszeitung, 29 October 2017

→ Structured securities
Daniela Helemann:, 'Gefragte Lösung im Zinsdilemma' [Popular solution to the interest dilemma], Der Zertifikateberater 1 / 2017

→ Special Jury Award
Anne E. Connelly / Birgit Wetjen, www.herMoney.de

DDV receives Special Award

At the beginning of November, the DDV won the Scope Certificates Special Award. This was the fifth award that the DDV has been presented for its work.

This award from the rating agency Scope is the latest of many distinctions received in the past few years. In 2015, the DDV was awarded the Golden Bull. In three consecutive years from 2014 to 2016, the Association was proud to be awarded Best Structured Products Association Europe by the UK financial portal StructuredRetailProducts.com.

In its appraisal, the jury said: 'By publishing market statistics and providing information material, the DDV makes a significant contribution to increasing transparency in the sector. The DDV also draws together in its committees the expertise of the sector, making it the voice of the industry in communications with the different stakeholder groups, such as regulators, investor protection associations and the media.' Managing Directors Lars Brandau and Dr Henning Bergmann accepted the award.

Above: (left to right) Lars Brandau, Dr Henning Bergmann

Lars Brandau saw this as an affirmation of the Association's work. He remarked that the award honoured the fact that the DDV and its members had launched many groundbreaking initiatives over the past decade, and especially its commitment to achieving greater product comprehensibility and transparency. He believed the award would encourage the Association's continued commitment to effective investor protection.

New faces on the DDV Board of Directors

In March, the General Meeting of the DDV appointed the Board of Directors for the next two years.

Jan Krüger (LBBW) and Klaus Oppermann (Commerzbank) were re-elected as members of the Board of Directors. Christine Romar (Citi) and Dominik Auricht (HypoVereinsbank) have been appointed as new members. The post is an honorary one, and all members of the Board of Directors exercise their role alongside their professional activities. Until his resignation as CEO on 28 February 2019, Dr Hartmut Knüppel was a member of the Board of Directors by virtue of his office. On 1 March 2019, Dr Henning Bergmann took office as CEO and therefore also became a member of the Board of Directors.

On behalf of all the members of the Board of Directors, Dr Knüppel thanked Stefan Armbruster and Grégoire Toublanc, who resigned after several terms of office. 'Over the past ten years, the DDV has developed key sector standards and achieved pioneering work on product transparency and comprehensibility. Stefan Armbruster and Grégoire Toublanc made a significant contribution to this work with their many years of experience and their special expertise in the sector.'

Above: (left to right) Dominik Auricht, Klaus Oppermann, Christine Romar, Jan Krüger and Dr Hartmut Knüppel

The Association's communications: **clear strategy in a time of digital transformation**

We are in a period of profound and radical change. Digital transformation is now finding its way into almost every area of our lives. The use of social media as a method of communication is now as common as email. However, despite the changes in the general environment, our aspiration remains the same: we want to communicate honestly and sincerely.

Since it was established over 10 years ago, the DDV has placed a high value on succinct, carefully targeted communication. Comprehensibility is the most important thing, but the content must also be right. This combination has enabled the DDV to establish itself as a competent and reliable partner over the past decade.

It is not always easy to find a way to be heard, or to get a message across to particular stakeholders or target groups. However, as so often in life, patience pays off. The number of visits and average lengths of visit on the DDV's different platforms – such as our website and our YouTube channel – are rising steadily, demonstrating that the content is right. Our aim is to reach as many people as possible and share our knowledge on securities, structured products and investor protection.

However, if you are not moving forward, you begin to move backwards. This is why, over the past few years, the DDV has steadily continued to develop and expand the range of educational and information material it provides. The lecture series DDV on Tour with Holger Scholze is particularly popular. In his lectures, the stock market expert gives retail investors an introduction to the multifaceted world of structured securities and responds to participants' questions individually. The feedback from these participants, and from people who watch or listen to our media offerings, helps us to identify unanswered questions and any issues that have not been dealt with. We then gladly pick up on these issues and further develop existing formats or redesign them.

In 2018, we revised and improved the informational video clips on the product categories in the Derivatives League. The films take into account the investor's point of view: the facts are presented in a way that is easy to understand, and the content is offered in bite-sized portions. The informational clips are also used by members and sponsoring members of the DDV. They are occasionally used in branches in a slightly modified form to enable staff to clarify issues in meetings with customers. The DDV's online training course has also been completely overhauled. We have streamlined the programme, reducing it from three course units down to two. The content has been adapted to investors' needs on the basis of feedback received from participants. In the first unit of the course, participants gain a wide range of insights into investment products and are provided with extensive information. The second unit of the course is devoted to the world of leverage products.

The DDV's communications combine the interests of its members and sponsoring members with the needs and questions of investors, regulators, the media and policymakers. The individual modules and projects fit into a bigger communications concept, and give lasting relevance to the DDV's messages. Reliable analogue and digital tools of the trade are very important, as are traditional project management and creative, innovative and agile working methods.

Constant change means that we have to test and adapt our communications strategy at ever-shorter intervals. It is important to detect any changes relevant to our communications work at an early stage so that we can take proactive steps. We are well positioned to do this, as the DDV has laid a solid foundation that enables it to respond flexibly to a variety of future demands.

> ‘One of the strengths of our communications is the variety of both analogue and digital media that we use. This enables us to reach both existing and potential new target groups.’
>
> Lars Brandau

Question: One of the main functions of the DDV is to protect investors. How has investor behaviour changed over the past ten years?
Answer: Little has changed in the conservative attitude of German retail investors. Risks of any kind are avoided, which means that opportunities are being missed – and this is in a zero-interest rate environment. Regrettably, the upturn on the stock market in the past few years has passed most retail investors by. The extraordinary rally on the stock market up to recently lasted for a relatively long period. However, most retail investors left their savings in fixed-term deposit accounts, earning hardly any interest. This is shocking. It shows that there is much work to be done before progress is made on matters of financial education and management.

Question: What kind of support does the DDV offer retail investors?
Answer: We make a variety of information available to investors. Starting with the simple product classification in the Derivatives League brochure, we regularly publish statistics to explain market movements. We have also published a manual (in German) called Kompass Strukturierte Wertpapiere (compass for structured products), which is effectively a reference book with detailed explanations and practical examples of the products and how they work. The book can be ordered free of charge. There are also informational videos, along with a wide range of other general material for financial education covering investment products and leverage products, which ultimately enable the investor to make an informed decision.

Question: The next few years look set to remain very interesting. What challenges do you expect the DDV to face?
Answer: Competition will definitely continue to intensify, even within the sector. Apart from the rising tide of regulation, the issue of digital transformation is becoming the focus of increasing attention. Legislative initiatives must ultimately be implemented in IT projects in such a way that the customer can also see the improvement in the end. The processes involved are both costly and complex, and they need time. For the DDV, this means maintaining an ongoing dialogue with all stakeholders, with the focus on results. We want to remain actively involved in future as well.

Extract from an interview with Lars Brandau on the DDV’s tenth anniversary, March 2018.

DDV projects: **strength through diversity – including in our communications**

The need for good communication by associations has increased steadily, especially as a result of digital transformation. There is a growing expectation that content will be individually adapted for different target groups. The DDV has embraced this challenge and launched a variety of communications measures and projects. This diversity is one of the Association's great strengths. The DDV offers a platform for exchanging information and views, and provides a wide range of information material and publications in analogue and digital form. There is no shortage of personal contact either, as the Association also organises a wide range of events.

DDV on Tour

As part of its education initiative, in 2017 the DDV launched its own lecture series in Germany entitled 'DDV on Tour' with the aim of improving the financial knowledge of investors. In 2018, the number of lectures was increased, and coverage will be extended yet further in 2019. Stock market expert Holger Scholze now also appears in the other German-speaking countries. The positive response to the lectures, especially from the younger generation, shows that we have our finger on the pulse. Anyone interested can read (in German) all about the lecture series at the website: www.ddvontour.de

Above: Holger Scholze at one of his booked-out lectures.

DDV Facts and Figures series

Our compilation of discussion points forms an important basis for our communication with policymakers, journalists and other opinion leaders. With the motto 'facts to counter prejudices,' we address the most common criticisms directed at the sector by the media, as well as by policymakers and investor protection associations. Our aim is to dispel the main prejudices and misconceptions. We have therefore updated the eight issues of the DDV Facts and Figures series published so far and revised them to take into account the large number of recent government regulatory measures. The ninth issue, entitled 'How do derivatives benefit the real economy?' appeared in 2018. Although the structured products sector is only indirectly affected by the discussion around derivatives, facts that counter prejudices can also help in this area.

These nine issues can be found on our website www.derivateverband.de under the heading 'Knowing the facts':

1. What are certificates actually for?
2. Are structured products too risky?
3. Do structured products lack transparency?
4. Are structured products too complex?
5. Are structured products too expensive?
6. Are there too many structured products?
7. How do banks make money on structured products?
8. Is investing in structured products a form of betting?
9. How do derivatives benefit the real economy?

In conversation with the DDV

For many years now, for its German-language series ‘DDV im Gespräch’ (in conversation with the DDV), the DDV has interviewed high-profile individuals who offer strong facts and opinions on key financial and business topics. In 2018, the series featured three financial, academic and policy experts, who provided interesting insights:

- Anne E. Connelly, founder of herMoney.de, the independent finance portal for women
- Prof. Dr Andreas Hackethal, Professor of Finance at House of Finance, Goethe University Frankfurt am Main
- Bettina Stark-Watzinger (member of the Free Democratic Party / FDP), Chairperson of the German Bundestag’s Finance Committee

These interviews, which we offer for publication by the financial media and in our members’ customer magazines, are available on our German-language website under the heading Publikationen (publications).

DDV information sheet: ‘At last – information you can grasp’

Investors need guidance in their investment decisions. The DDV wants to contribute by providing information that is clear and easily understood. In our new German-language series entitled ‘Endlich – verständlich’ (At last – information you can grasp), we answer frequently asked questions that self-directed investors in particular grapple with. This group of investors are generally quite well informed and usually make their investment decisions without advice. However, even they occasionally have questions, and we want to help by answering them. Our answers should also be of benefit to others who are interested in finance.

In 2018, we answered a specific question each month:

- What is the impact of corporate actions by a public limited company whose shares are used as an underlying for a structured product?
- When does it make sense to exercise a warrant?
- What is the meaning of the delta of a warrant?
- Does the issuer make a profit when the value of an investor’s product falls?
- What is meant by the terms ‘in-the-money’, ‘at-the-money’ and ‘out-of-the-money’ in relation to warrants?
- What does the term ‘cash settlement’ mean?
- What is the meaning of leverage and omega in leverage products?
- What are the intrinsic value and the time value of warrants?
- What are absolute, relative and homogenised spreads?
- What do the terms ‘historical volatility’ and ‘implied volatility’ mean?
- What happens to a Mini Future if the stop-loss threshold is hit?
- In what cases can it be wise to sell a Bonus Certificate before maturity?

Popular underlying assets in the DAX index

The DDV also publishes information on the most popular underlyings for structured products each month, because it definitely pays to know about this most important feature of every structured product. The first report, back in 2011, covered by far the most popular underlying asset – the DAX index. In 2018, the main focus returned to securities from the German blue-chip index. The following underlyings were examined:

- High-profile investment: Continental AG
- Trading venue: Deutsche Börse AG
- Number 1 in Europe: Deutsche Lufthansa AG
- Logistics giant: Deutsche Post AG
- Insuring insurance companies: Münchener Rück AG
- Electrifying technology: Siemens AG
- Technology for healthcare: Fresenius
- Steel plus technology: thyssenkrupp AG
- Mobility for everyone: Volkswagen AG
- More than just adhesives: Henkel AG & Co. KGaA
- Technology for portfolios: Infineon AG
- Among Europe’s top-ranked players: ProSiebenSat.1 Media SE

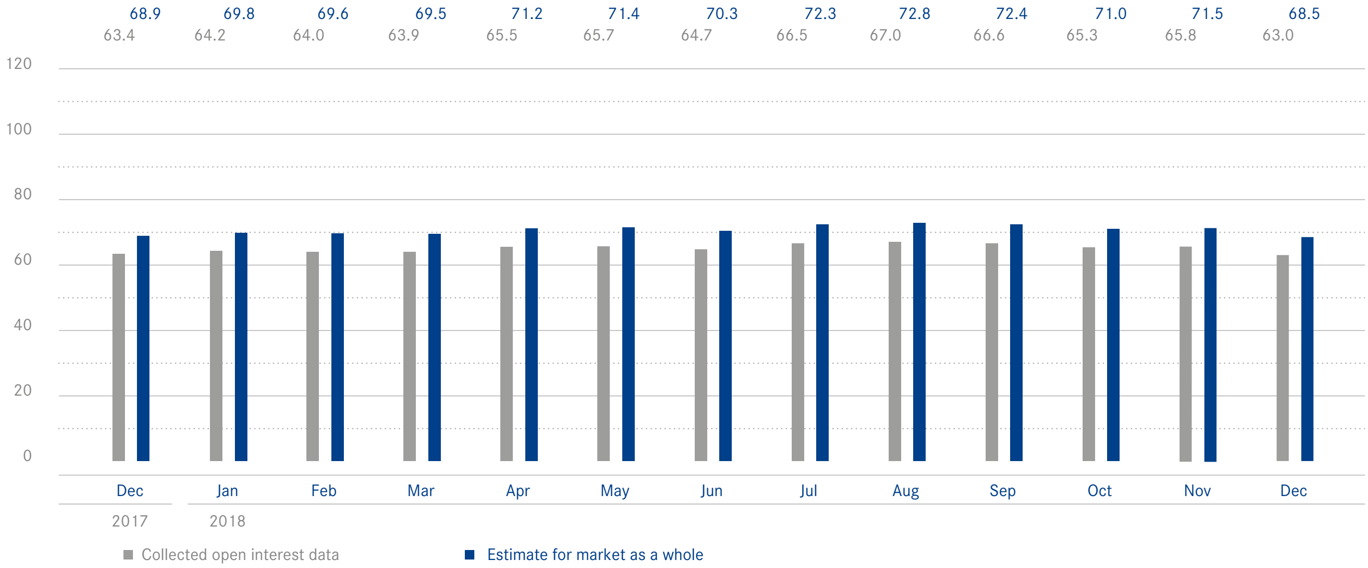
Retail investors can choose between watching a short video or reading text, both in German. The text versions can be found on our German website under the menu heading Wissen (Knowing the facts), and the related German-language films can be found by clicking on Video-Center under the menu heading Presse (Media).

The structured products market in 2018: **facts and figures**

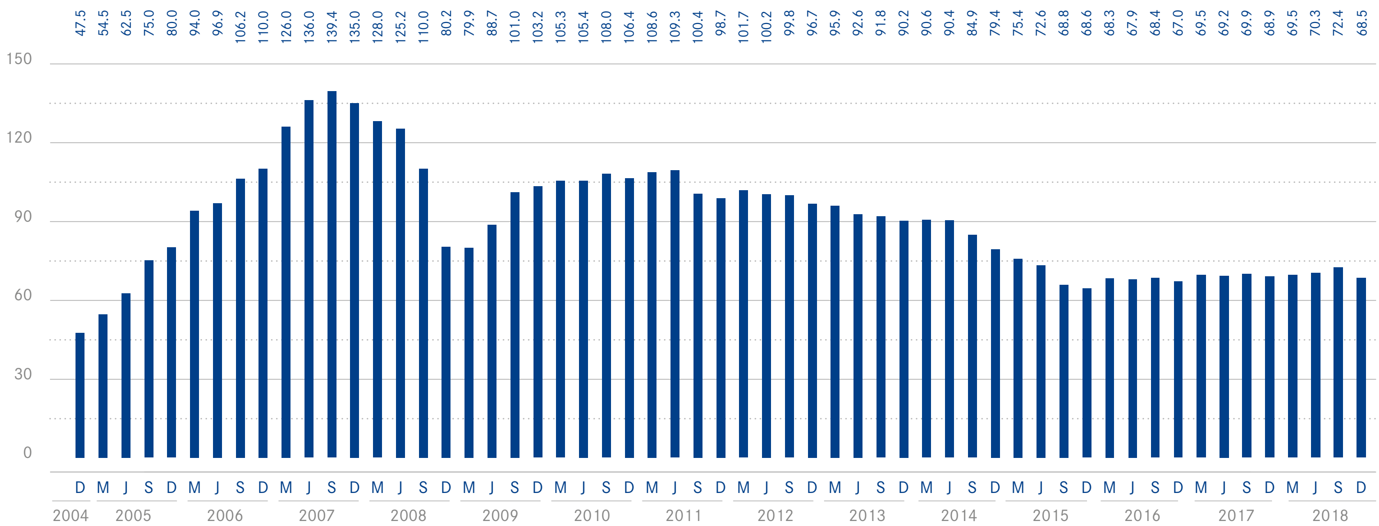
The German structured products market held up relatively well during 2018. It was a disappointing year on the capital market – especially in the second half-year – and the German blue-chip index DAX made significant losses over the year. Nevertheless, the volume invested in structured products remained relatively constant. The structured products market managed to escape the general downturn until December, when it too succumbed, and at the end of the year a slight decline of 2 percent was recorded. Investors were looking for greater security again in 2018, which resulted in an increased demand for capital protection products.

Market volume

Development of the Structured Products volume in Germany since December 2017 (in EUR billion)

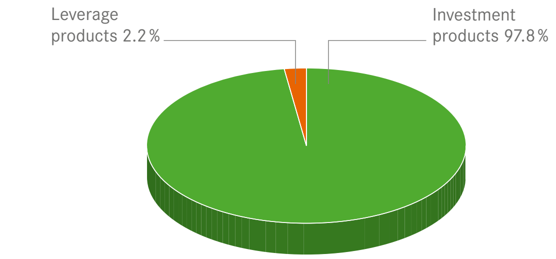


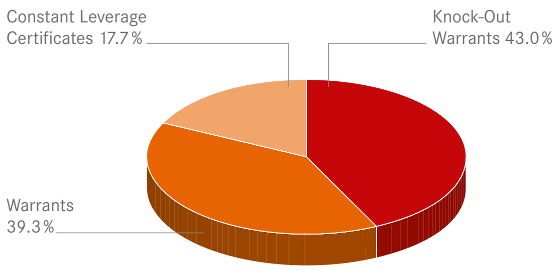
Development of structured products volume in Germany since December 2004 (in EUR billion)

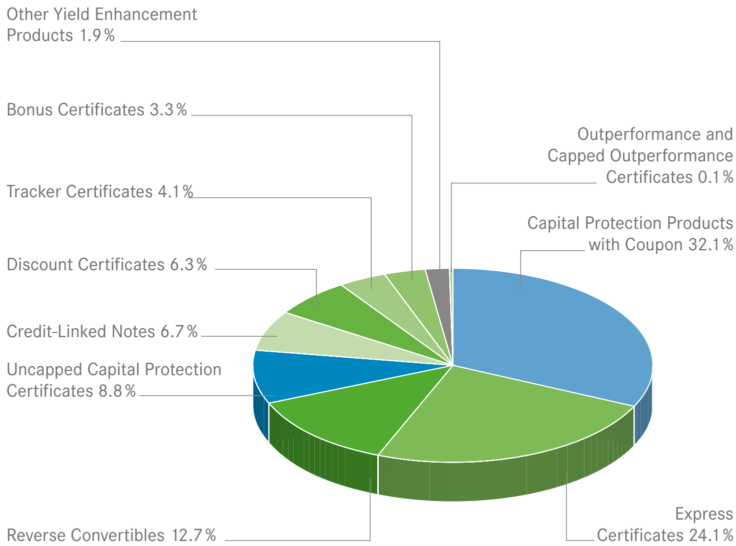


Market volume by product category in 2018

Category	Market volume in December 2018		Market volume adjusted for price changes		Number of products	
	€ '000	in percent	€ '000	in percent	#	in percent
Investment products						
Uncapped Capital Protection Certificates	5,395,590	8.8	5,416,484	8.5	1,443	0.3
Capital Protection Products with Coupon	19,778,999	32.1	19,887,348	31.4	3,897	0.7
Reverse Convertibles	7,809,649	12.7	8,187,621	12.9	117,896	21.9
Discount Certificates	3,882,302	6.3	4,016,734	6.3	195,935	36.4
Express Certificates	14,845,004	24.1	15,764,405	24.9	14,057	2.6
Bonus Certificates	2,024,699	3.3	2,100,777	3.3	199,630	37.0
Tracker Certificates	2,535,959	4.1	2,666,063	4.2	1,304	0.2
Outperformance Certificates / Capped Outperformance Certificates	52,446	0.1	56,142	0.1	686	0.1
Credit-Linked Notes	4,111,965	6.7	4,115,958	6.5	2,448	0.5
Other Yield Enhancement Products	1,146,017	1.9	1,177,475	1.9	1,562	0.3
Subtotal	**61,582,630**	**97.8**	**63,389,007**	**97.3**	**538,858**	**32.0**
Leverage products						
Warrants	543,982	39.3	722,260	41.7	620,641	54.1
Knock-Out Warrants	594,541	43.0	673,466	38.9	503,623	43.9
Constant Leverage Certificates	244,875	17.7	336,955	19.4	23,395	2.0
Subtotal	**1,383,399**	**2.2**	**1,732,681**	**2.7**	**1,147,659**	**68.0**
Total	**62,966,029**	**100.0**	**65,121,689**	**100.0**	**1,686,517**	**100.0**







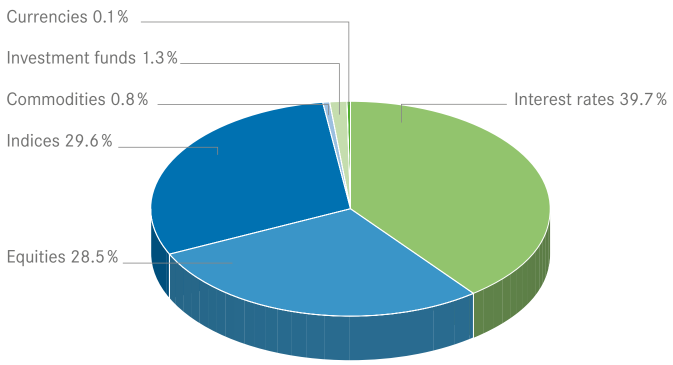
The winners in 2018 were Express Certificates and Capital Protection Products with Coupon. Both of these product categories saw particularly strong growth. They accounted for 56.2 percent of the volume of investment products.

A significant reduction was recorded in the volume of Reverse Convertibles, which had been in fairly high demand in the past few years. A decline was also noted in Credit-Linked Notes, as in the previous year. The two classics – Discount Certificates and Bonus Certificates – went separate ways in terms of the overall investment volumes recorded. While the market volume of Bonus Certificates was around the same as in the previous year, Discount Certificates saw a decline.

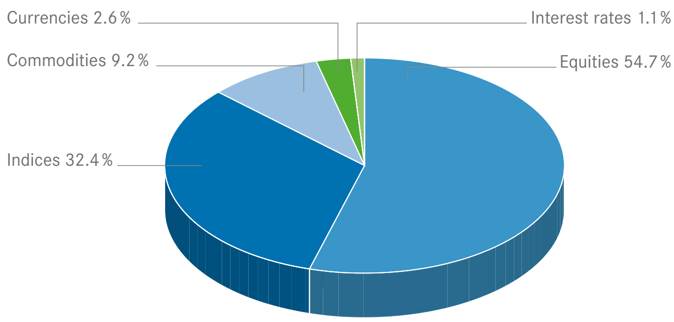
Market volume by underlying in 2018

Category	Market volume December 2018		Market volume adjusted for price changes		Number of products	
	€ 'ooo	in percent	€ 'ooo	in percent	#	in percent
Investment products						
Indices	18,250,733	29.6	18,880,974	29.8	115,042	21.3
Equities	17,569,258	28.5	18,620,667	29.4	414,806	77.0
Commodities	490,991	0.8	497,545	0.8	2,286	0.4
Currencies	35,583	0.1	36,500	0.1	13	0.0
Interest rates	24,429,853	39.7	24,543,394	38.7	6,443	1.2
Investment funds	806,212	1.3	809,927	1.3	268	0.0
Subtotal	**61,582,630**	**97.8**	**63,389,007**	**97.3**	**538,858**	**32.0**
Leverage products						
Indices	448,639	32.4	506,846	29.3	278,649	24.3
Equities	756,953	54.7	1,049,917	60.6	741,267	64.6
Commodities	126,864	9.2	121,229	7.0	57,354	5.0
Currencies	35,922	2.6	37,155	2.1	61,446	5.4
Interest rates	15,021	1.1	17,535	1.0	8,949	0.8
Investment funds	0	0.0	0	0.0	0	0.0
Subtotal	**1,383,399**	**2.2**	**1,732,681**	**2.7**	**1,147,665**	**68.0**
Total	**62,966,029**	**100.0**	**65,121,689**	**100.0**	**1,686,523**	**100.0**

Investment products by underlying in 2018



Leverage products by underlying in 2018

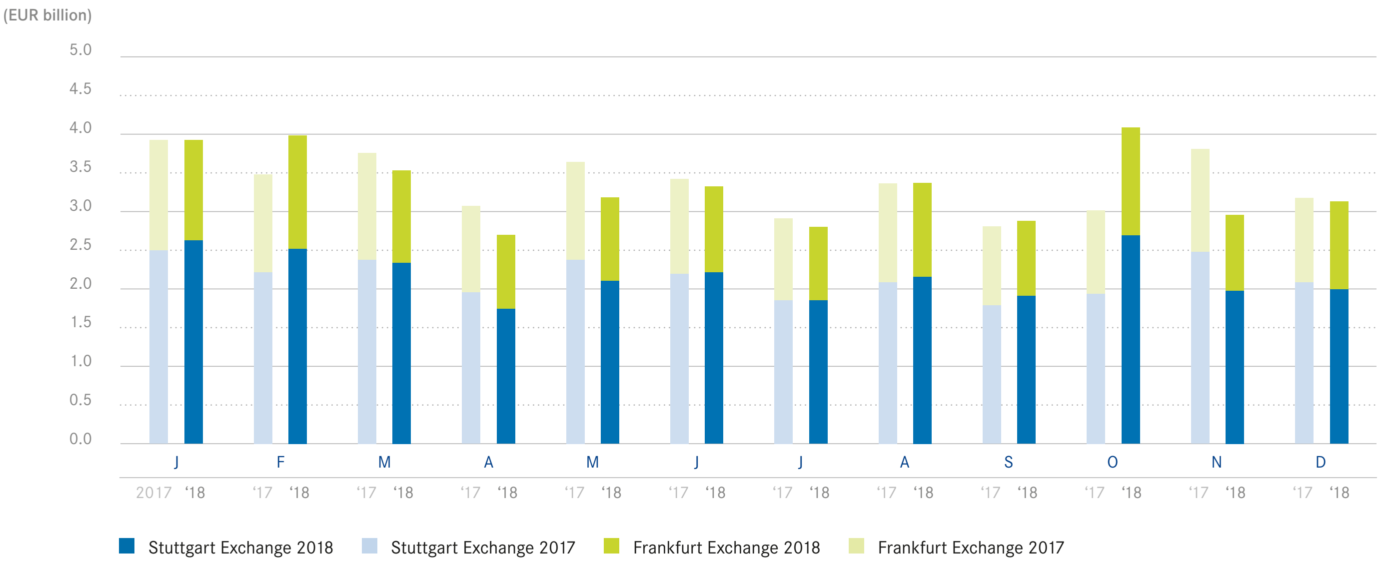


Investment products with interest rates as an underlying held onto their leading position, with a further increase bringing their share of the volume to 39.7 percent. Investment products with indices as an underlying followed in second place, with a share of 29.6 percent at the end of the year. They were closely followed by investment products with equities as an underlying, which had a combined share of 28.5 percent. Although investment products with investment funds as an underlying recorded a slight increase to 1.3 percent, this had little impact on the overall volume.

In 2018, equities held onto their ranking in first place as an underlying for leverage products. At the end of December, their share was 54.7 percent. Indices followed in second place, with the market share of leverage products based on them rising slightly to 32.4 percent. Third place was retained by leverage products with commodities as an underlying. Their share amounted to 9.2 percent, representing an increase of 1.6 percentage points over the year. The other underlying assets played only a minor role, with low volumes in comparison with the total for the leverage products.

Exchange turnover

Exchange turnover during the course of the year



In Germany, almost all structured securities are traded on the exchanges in Stuttgart and Frankfurt am Main. In 2018, turnover fell slightly by 1.3 percent at both exchanges in comparison with the previous year, ending the year at EUR 39.8 billion.

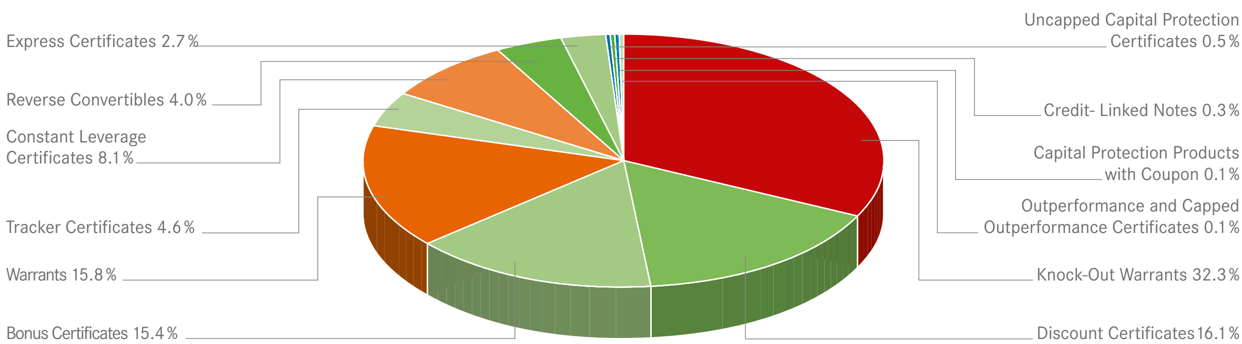
The Stuttgart Exchange recorded turnover of EUR 26.1 billion in structured securities trading in 2018, giving it an average market share of 65.5 percent over the year. Turnover in investment products and leverage products at the Frankfurt Exchange was EUR 13.7 billion. It accounted for 34.5 percent of the total volume.

Turnover by exchange in 2018

Category	Customer order volume at Stuttgart Exchange		Customer order volume at Frankfurt Exchange		Total customer order volume	
	Stuttgart/EUWAX		**Börse Frankfurt Zertifikate**		**Total**	
	Volume	**Share in percent**	**Volume**	**Share in percent**	**Volume**	**Share in percent**
Investment products						
Capital Protection Products	126,953	0.5	116,042	0.8	242,995	0.6
Yield Enhancement Products	11,532,771	44.2	5,670,583	41.3	17,203,353	43.2
	11,659,723	**44.7**	**5,786,625**	**42.1**	**17,446,348**	**43.8**
Leverage products						
Leverage products without Knock-Out	7,973,088	30.5	4,901,836	35.7	12,874,924	32.3
Leverage products with Knock-Out	6,480,026	24.8	3,057,229	22.2	9,537,255	23.9
	14,453,114	**55.3**	**7,959,126**	**57.9**	**22,412,240**	**56.2**
Derivative products	**26,112,837**	**100.0**	**13,745,750**	**100.0**	**39,858,587**	**100.0**

Exchange turnover by product category in 2018

	Volume in € '000	Change on 2017 in percent	Market share in percent	Number of orders	Change on 2017 in percent	Market share in percent	Volume per order in € '000	Change on 2017 in percent
Investment products								
Uncapped Capital Protection Certificates	203,774	–0.3	0.5	11,177	22.5	0.2	18,232	–18.6
Capital Protection Products with Coupon	39,221	–45.0	0.1	2,712	–29.2	0.0	14,462	–22.3
Credit-Linked Notes	130,335	–4.1	0.3	5,029	–8.2	0.1	25,917	4.5
Reverse Convertibles	1,581,610	–22.2	4.0	73,065	–28.2	1.2	21,647	8.3
Discount Certificates	6,426,596	–20.0	16.1	155,812	–26.5	2.6	41,246	8.9
Express Certificates	1,081,102	–11.6	2.7	56,221	–7.3	0.9	19,230	–4.6
Bonus Certificates	6,127,495	7.1	15.4	139,625	–17.0	2.3	43,885	29.0
Tracker Certificates	1,825,862	–37.7	4.6	167,452	–36.1	2.8	10,904	–2.5
Outperformance Certificates / Capped Outperformance Certificates	30,353	–33.3	0.1	872	–44.3	0.0	34,809	19.6
Total	**17,446,348**	**–14.5**	**43.8**	**611,965**	**–25.8**	**10.1**	**28,509**	**15.3**
Leverage products								
Warrants	6,316,017	20.4	15.8	1,709,140	37.6	28.2	3,695	–12.5
Constant Leverage Certificates	3,221,238	18.6	8.1	584,488	38.5	9.6	5,511	–14.4
Knock-Out Warrants	12,874,924	7.1	32.3	3,165,373	7.5	52.1	4,067	–0.4
Total	**22,412,179**	**12.1**	**56.2**	**5,459,001**	**18.4**	**89.9**	**4,106**	**–5.3**
Aggregate Total	**39,858,527**	**–1.3**	**100.0**	**6,070,966**	**11.7**	**100.0**	**6,565**	**–11.7**



Exchange turnover by product category

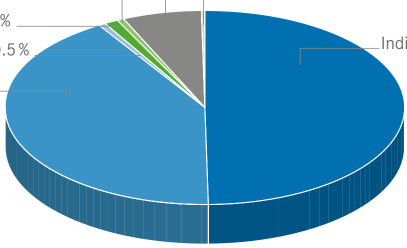
There was a decline in almost all categories of investment product in 2018. The sharpest decline was recorded in trading in Capital Protection Products with Coupon. However, these only accounted for 0.1 percent of the total turnover. After jumping to EUR 1.2 billion in 2017, turnover in Express Certificates fell by 11.6 percent to just under EUR 1.1 billion in 2018. Contrary to the overall trend, trading in Bonus Certificates rose by 7.1 percent to EUR 6.1 billion. The trading volume of investment products was EUR 17.4 billion in 2018. This represents a share of 43.8 percent of the total turnover for all structured securities.

The situation was different among the leverage products, where turnover rose by 12.1 percent to EUR 22.4 billion. This represented 56.2 percent of the total volume – considerably more than in the previous year. All categories of leverage products recorded a significant increase in turnover. The turnover in Warrants was up 20.4 percent to EUR 6.3 billion. Trading in Knock-Out Warrants increased significantly to EUR 12.9 billion, and Constant Leverage Certificates to EUR 3.2 billion. Warrants and Knock-Out Warrants together accounted for 48.1 percent of the trading volume for all structured securities.

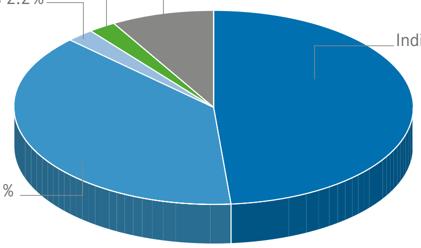
Total exchange turnover by underlying in 2018

	Volume in € '000	Changes on 2017 in percent	Market share in percent
Investment products			
Indices	8,691,724	–5.49	49.8
Equities	7,230,836	–23.98	41.4
Commodities	93,223	–83.03	0.5
Currencies	204,376	–57.42	1.2
Interest rates	123,460	–12.78	0.7
Investment funds	11,428	–90.11	0.1
Others	1,091,300	174.13	6.3
	17,446,348	–14.46	43.8
Leverage products			
Indices	10,942,966	5.10	48.8
Equities	8,649,508	16.64	38.6
Commodities	483,882	–64.36	2.2
Currencies	464,701	–18.76	2.1
Interest rates	1,274	–98.82	0.0
Investment funds	0	–100.00	0.0
Others	1,869,909	1,495.43	8.3
	22,412,240	12.13	56.2
Total	**39,858,527**	**–1.3**	**100.0**

Investment products by underlying in 2018



Leverage products by underlying 2018



Exchange turnover by underlying

There were major changes among the underlying assets for investment products in 2018. At EUR 8.7 billion, and with a share of 49.8 percent of the turnover, products with indices as an underlying moved up to first place. In contrast, investment products with equities as an underlying lost 24.0 percent and followed in second place with a share of 41.4 percent. Trading in products with underlying assets categorised as 'Others' rose to EUR 1.1 billion, giving them a market share of 6.3 percent. Commodities as an underlying were again of little interest to investors in 2018, and made up a share of barely 0.5 percent of the total trading volume. Unlike in 2017, turnover in investment products with currencies as an underlying fell in 2018, accounting for only a 1.2 percent share.

Turnover in leverage products with indices as an underlying amounted to EUR 10.9 billion in 2018. With a share of 48.8 percent of the trading volume, they defended their leading position of the previous year. Exchange turnover in products with equities as an underlying rose by 16.6 percent to EUR 8.6 billion. The 'Others' category as an underlying for leverage products saw huge growth, similar to the growth in investment products with this category of underlying. The total volume was approximately EUR 1.9 billion, representing 8.3 percent of the total turnover. The decline in investment products with commodities and currencies as an underlying was mirrored by a slump in the turnover of leverage products with the same category of underlying. At 2.2 percent, the share of leverage products with commodities as an underlying was down in comparison with 2017. Products with currencies as an underlying accounted for 2.1 percent of turnover.

DDV at work: **organisation, committees, executives and employees**

The Association's Board of Directors and its committees deal with many specific issues. Almost every week, the individuals responsible meet in various groupings. A look at the calendar for 2018 shows as many as eight meetings of the Board of Directors, eleven regular meetings of the committees, and several meetings of various task forces and project groups. On top of this, there are general meetings as well as meetings of the Academic Advisory Board and of the European umbrella association, EUSIPA.

→ General meetings

22nd meeting on 13 March 2018
23rd meeting on 17 September 2018

→ Meetings of the Board of Directors

86th meeting on 16 February 2018
87th meeting on 2 March 2018
88th meeting on 3 May 2018
89th meeting on 15 June 2018
90th meeting on 31 August 2018
91st meeting on 18 October 2018
92nd meeting on 16 November 2018
93rd meeting on 17 December 2018

→ Academic Advisory Board

17th meeting on 18 May 2018
18th meeting on 30 November 2018

→ EUSIPA Board / EUSIPA General Assembly

20th meeting in Amsterdam on 17 April
21st meeting in Berlin on 20 November

→ Committee meetings

Regulation and Investor Protection Committee

48th meeting on 21 February 2018
49th meeting on 24 April 2018
50th meeting on 20 June 2018
51st meeting on 26 September 2018
52nd meeting on 6 December 2018

Issuance Business Committee

49th meeting on 21 February 2018
50th meeting on 24 April 2018
51st meeting on 20 June 2018
52nd meeting on 26 September 2018
53rd meeting on 6 December 2018

Tax Committee / Project Group 871(m)

22nd meeting on 12 November 2018
Meeting on 3 December 2018
[Project Group 871(m)]

→ Board of Directors

Dominik Auricht
is Head of Public Distribution in the Corporates & Investment Banking division at UniCredit Bank AG. He is responsible for the public distribution of certificates and warrants in Austria and Germany

Jan Krüger
is Head of the Equity Markets business at LBBW and is responsible for trading, risk control for equities and equity derivatives, and product management.

Klaus Oppermann
is Head of Public Distribution in the Corporates and Markets division at Commerzbank AG. He is responsible for the public distribution and marketing of securitised derivatives in Germany and other European countries.

Christine Romar
is Head of Structured Products in Germany & Austria at Citigroup Global Markets Europe AG and is responsible for the distribution of Retail Structured Products in Austria and Germany.

Since 1 March 2019:
Dr Henning Bergmann
is CEO and Member of the Board of Directors at the DDV. Previously, he was Managing Director at the DDV and Head of Berlin Office.

Until 28 February 2019:
Dr Hartmut Knüppel
was CEO and Member of the Board of Directors at the German Derivatives Association (DDV) from February 2008 to February 2019.

→ Strategic Board

Marco Bales
UniCredit Bank AG
Managing Director

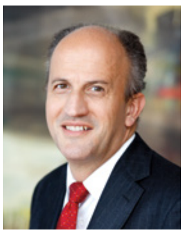
Oliver Behrens
Morgan Stanley Bank AG
Chief Executive Officer
Country Head Germany and Austria

Frank Burkhardt
Société Générale S. A.
Managing Director

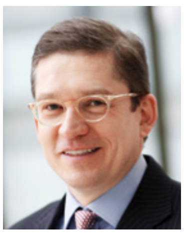
Stefan Hachmeister
DekaBank Deutsche Girozentrale
Head of Capital Markets

Dr Stefan Hoops
Deutsche Bank AG
Managing Director
Head of Capital Markets
Germany

Dirk Kipp
Landesbank Baden-Württemberg
Head of Financial Institutions
and Markets



Torsten Murke
BNP Paribas S. A.
Head of Corporate and
Investment Banking



Michael Reuther
Commerzbank AG
Member of the Board of
Managing Directors

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

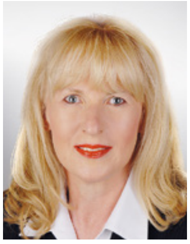
Christian Spieler
Citigroup Global Markets Europe AG
Member of the Board
Head of Markets & Securities Services
Germany / Austria

Roger Studer
Bank Vontobel AG
Head of Investment Banking

Stefan Winter
UBS Europe SE
Member of the Executive Board

Ralf Woitschig
Bayerische Landesbank
Member of the Board of Management

→ Academic Advisory Board



Professor Dr Sigrid Müller (Chairperson)
Humboldt-Universität zu Berlin

Professor Dr Lutz Johanning
WHU – Otto Beisheim School of Management, Vallendar

Professor Dr Christian Koziol
Eberhard Karls University of Tübingen

Professor Dr Bernd Rudolph
Ludwig-Maximilians-Universität of Munich

Professor Dr Dirk Schiereck
Technische Universität of Darmstadt

→ Regulation and Investor Protection Committee

(left to right) Wohlfarth, Neundörfer, Höfer

Dr Nikolaus Neundörfer (Chairperson)
Deutsche Bank AG
Director and Senior Counsel
nikolaus.neundoerfer@db.com

Helmut Höfer (Deputy)
Société Générale S. A.
Managing Director
Head of Legal SGCIB Germany, Austria
helmut.hoefer@sgcib.com

Jürgen Wohlfarth (Deputy)
Commerzbank AG
Director, Equity Markets & Commodities
juergen.wohlfarth@commerzbank.com

→ Issuance Business Committee

(left to right) Braun, Krull, Lorscheid

Georg Krull (Chairperson)
HSBC Trinkaus & Burkhardt AG
Head of New Issues and
Transaction Development
georg.krull@hsbc.de

Sandra Braun (Deputy)
UniCredit Bank AG
Director, Head of Structured
Securities & Regulatory
sandra.braun@unicreditgroup.de

Sandra Lorscheid (Deputy)
Commerzbank AG
Director, Head of German Markets
sandra.lorscheid@commerzbank.com

→ Tax Committee

(left to right) Maaß, Wagner, Taubel

Thomas Wagner (Chairperson)
UniCredit Bank AG
Legal Counsel
thomas.wagner@unicredit.de

Dr Bettina Maaß (Deputy)
DZ BANK AG
Group Head – Product Taxation Advisory
(Group Finance)
bettina.maaß@dzbank.de

Markus Taubel (Deputy)
DekaBank
Head of Taxation
markus.taubel@deka.de

→ Contacts

Berlin Office and Frankfurt am Main Office

Dr Henning Bergmann
(since 1 March 2019)
CEO and Member of the Board of Directors
+49 (0)30 4000 475 50
bergmann@derivateverband.de

Berlin Office and Frankfurt am Main Office

Dr Hartmut Knüppel
(until 28 February 2019)
CEO and Member of the Board of Directors
+49 (30) 4000 475 – 10
knueppel@derivateverband.de

Berlin Office

Dr Katja Kirchstein
Senior Advisor
+49 (30) 4000 475 - 33
kirchstein@derivateverband.de

Frankfurt am Main Office
Lars Brandau
Managing Director /
Head of Frankfurt am Main Office
+49 (69) 244 33 03 - 40
brandau@derivateverband.de

Nikolaus Wilke
Vice President Legal and Regulatory Affairs
+49 (30) 4000 475 - 20
wilke@derivateverband.de

Berthold Knetsch (until April 2019)
Vice President Legal Documentation /
Project Management
+49 (69) 244 33 03 - 50
knetsch@derivateverband.de

Elena Zettelmeyer
Vice President Government Relations
+49 (30) 4000 475 - 30
zettelmeyer@derivateverband.de

Alexander Heftrich
Media Relations Officer
+49 (69) 244 33 03 - 70
heftrich@derivateverband.de

Saskia Graumüller
Assistant to the CEO / Financial Controlling
+49 (30) 4000 475 - 15
graumueller@derivateverband.de

Véronique Miescke
Assistant to the Managing Director /
New Media
+49 (69) 244 33 03 - 60
miescke@derivateverband.de

Stephanie Weitz-Khalife
Assistant to the CEO
+49 (30) 4000 475 - 40
weitz-khalife@derivateverband.de

On parental leave:

Susanne Bock
Assistant to the Managing Director

Members

BayernLB	Helaba
BNP PARIBAS	HSBC
citi	onemarkets HypoVereinsbank Member of UniCredit
COMMERZBANK	LBBW
Deka	Morgan Stanley
Deutsche Bank	SOCIETE GENERALE
DZ BANK Die Initiativbank	UBS
Goldman Sachs	Vontobel

(January 2019)

Sponsoring members

BÖRSE FRANKFURT
Börse Stuttgart
ARIVA.DE
BAADER
comdirect
Consorsbank! by BNP PARIBAS
FACTSET
flatex EINFACH BESSER HANDELN
ING
:lpa making your points
maxblue
onvista media
S broker
smarthouse adesso financial solutions
SmartTrade
solvians
vwd:

(January 2019)

PUBLISHING INFORMATION

Published by:
Deutscher Derivate Verband e. V.
Register number at the register of associations: VR 13943

Design:
Liebchen+Liebchen Kommunikation GmbH
Carl-Benz-Straße 39 – 41 | 60386 Frankfurt am Main
www.lplusl.de

Printed by:
StieberDruck GmbH
Tauberstr. 35-41 | 97922 Lauda-Königshofen
www.stieberdruck.de

Photo credits:
Cover: FredFroese
Portraits: pages 3, 7, 11–12, 14–15: Michael Fahrig
page 4 (above): assalve
page 4 (middle): Bankrx
page 4 (below), 17, 20–21, 24, 25 (below), 27: Frank Ullmer
page 9: Bankrx
page 13: Michael Kleinespel
page 16: Archiv der IOSCO
page 19: Archiv Thomas Wulf
page 22 (above): JL-Pfeifer, (below): amenic181
page 23: Julia Sidorenkova
page 25 (above): Thomas Tratnik
page 28: Archiv Holger Scholze
page 37–41: Michael Fahrig / Michael Kleinespel / Dieter Schwer / Frank Ullmer

Offices

Berlin
Deutscher Derivate Verband
Pariser Platz 3
10117 Berlin
Phone +49 (30) 4000 475-15
politik@derivateverband.de

Frankfurt am Main
Deutscher Derivate Verband
Feldbergstraße 38
60323 Frankfurt am Main
Phone +49 (69) 244 33 03-60
info@derivateverband.de

Brussels
Bastion Tower Level 20
5, place du Champ de Mars
1050 Brussels, Belgium
Phone +32 (2) 550 34 15
eu@derivateverband.de

www.derivateverband.de