

# Scoach: The New European Exchange for Structured Products

*State of the Art Technology*

*Day of the Deutsche Boerse Group in Almaty*

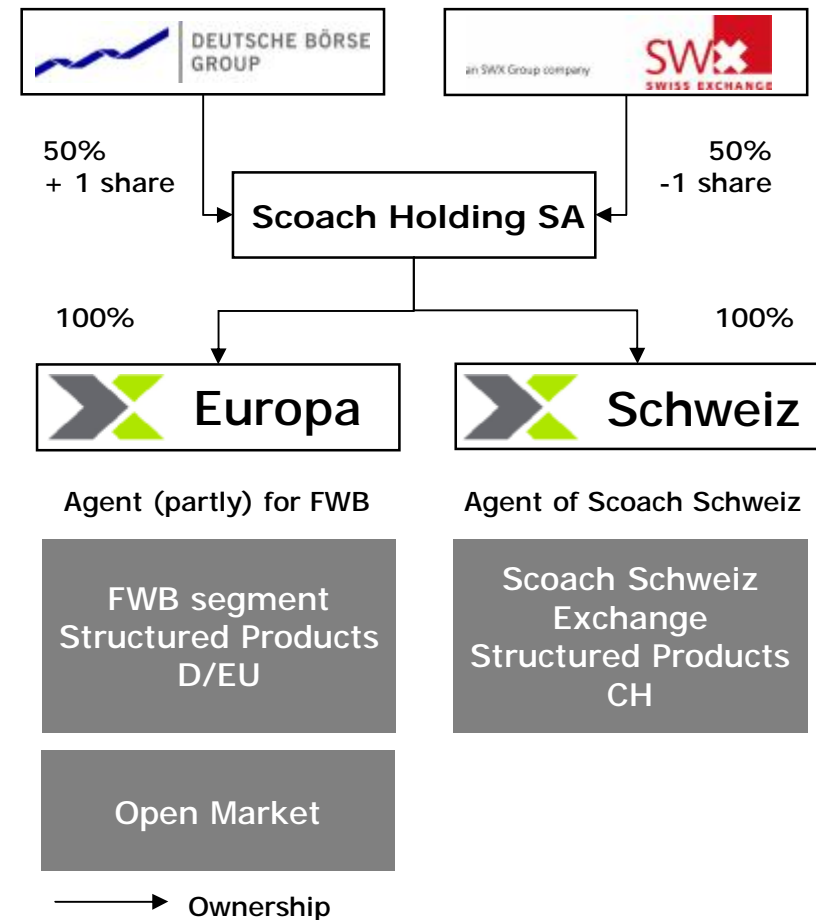
September 2008



## Who is Scoach?

- On 1 January 2007, both partners, SWX Group and Deutsche Börse AG have integrated their current business in structured products to the respective national subsidiary. The Scoach holding company is located in Luxemburg.
- Scoach Schweiz AG and Scoach Europa AG will be regulated by the national entities that are currently responsible, i.e. for the Swiss market the „Eidgenössische Bankenaufsicht“, and for the German market the „Börsenaufsicht in Wiesbaden“ and the BAFin.

### Overview



## Frankfurt Exchange

Shares  
Funds  
Bonds  
REITs



More than  
350.000  
Certificates  
Warrants  
Turbos  
Reverse  
Convertibles



## SWX Swiss Exchange

Shares  
Funds  
ETFs



## Key benefits of Scoach



- Tailor-made services for order-flow providers, issuers, financial consultants and retail investors in the area of securitized derivatives
- Largest trading venue for structured products, offering the widest and most international product choice and the fastest execution platforms at best prices (currently more than 350.000 structured products are traded)
- Trading inside and outside the EU through one partner
- Strong parent companies with a successful history in cooperating (Eurex, STOXX)
- Scoach strives for innovative clearing & settlement solutions
- Scoach strives for new functionalities (e.g. multi currency trading)

# Advantages of structured products

Many self-directed investors in Europe prefer investing in structured products (warrants, certificates, reverse convertibles) instead of trading stocks. Why have structured products become so popular?

Innovation and variety –  
Instruments for any market expectation, time period, underlying or risk-taking

Flexibility - Suitable for both institutional and retail investment sizes

Cost-efficiency – Usually no upfront fees apply

Simplicity - Participation in exotic indices or complex baskets with just one security

Transparency - Redemption amount and/or coupon payments according to clear rules

Liquidity - Permanent liquidity provided by quote providers

# How does a structured product work?

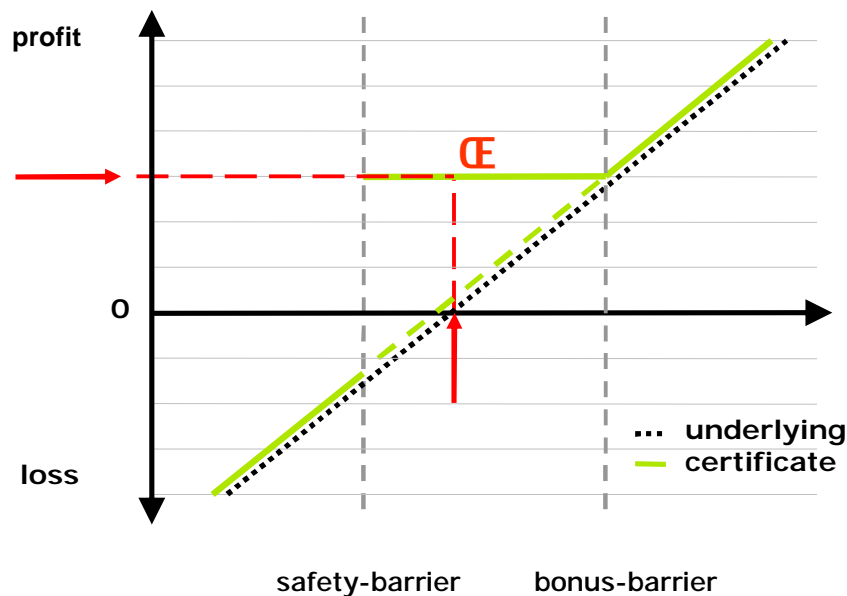
## Example: Bonus-Certificate – a „share with a safety buffer“

- § Possible underlyings: e.g. a share or a share index
- § Fixing of a “bonus-barrier” and “safety-barrier”
- § At maturity, often after a lifetime of 1-3 years, three basic payoff scenarios are conceivable (please see the following slides)
- § Safety mechanism is financed by the retained dividend of the underlying share

## Bonus Certificate on Siemens AG:

Remaining lifetime: 2 years  
Underlying: 1 Share of Siemens AG  
Bonus-barrier: 80 €  
Safety-barrier: 55 €  
Price certificate: 70 €  
Price underlying: 70 €

# How does a structured product work?

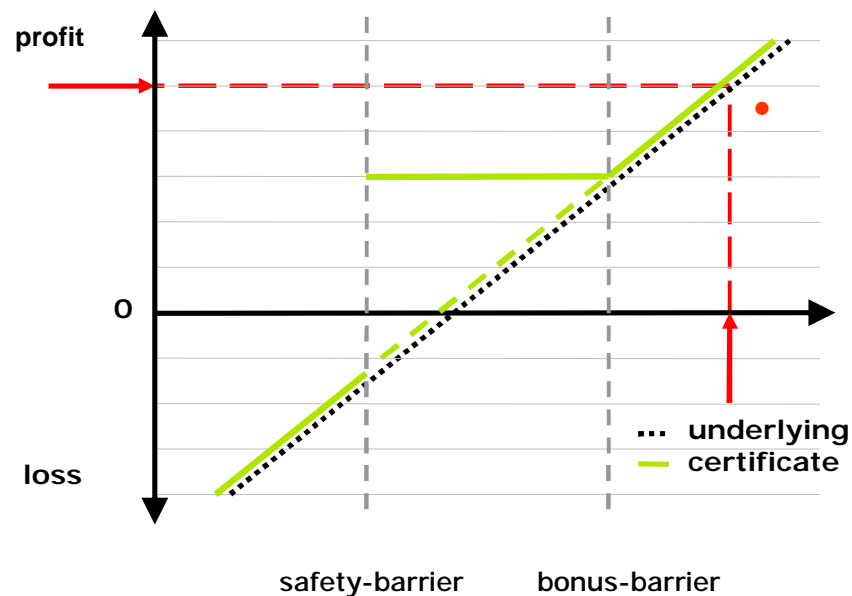


## Scenario 1:

During the lifetime of the certificate the Siemens share did not touch the safety-barrier of 55 € and, at maturity, the share price is at or below the bonus-barrier of 80 €.

à *The payoff will be 80 € - even in case of a slight decrease of the underlying price.*

# How does a structured product work?



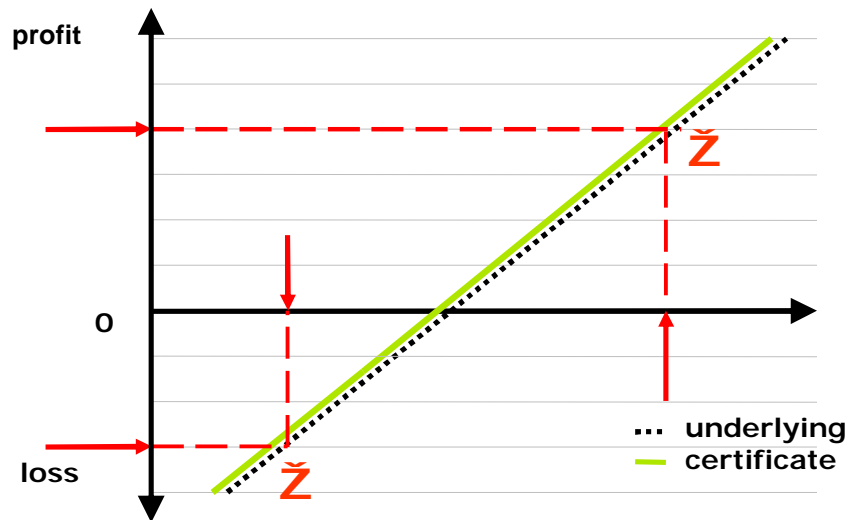
## Scenario 2:

At maturity, the Siemens share price is above the bonus-barrier of 80 €, e.g. 90 €.

à *The investor receives the current equivalent of the price of the underlying (90 €), so he fully participates in rising prices of the underlying share.*



# How does a structured product work?



## Scenario 3:

The Siemens share touches the safety-barrier of 55 € during the certificate's lifetime.

à *The safety-mechanism omits.  
The payoff corresponds 1:1 to  
the current share price.*

**Thank you for your attention!**